Lincolnshire Community Health Services NHS Trust (LCHS)

2020-21 Annual Report (Text Version)

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Draft webpages here: https://www.lincolnshirecommunityhealthservices.nhs.uk/about-us/our-publications/annual-reports/annual-report-20202021

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Introduction

Elaine Baylis QPM, Trust Board Chair

Welcome to the Annual Report and Accounts for Lincolnshire Community Health Services NHS Trust (LCHS).

The last year has been remarkable in so many ways and one that I hope has been defined by unity and strength.

We have stood unified in our response to the Covid-19 pandemic with partner organisations and continue to be humbled by the determination, dedication and resilience of colleagues delivering services across Lincolnshire and Peterborough.

I would like to take this opportunity to thank colleagues for their unwavering support to our patients and each other during this time. The public and Lincolnshire community have been tremendous and whose actions, fundraising and best wishes lifted spirits on the darkest of days.

Beyond the exceptional circumstances of Covid-19 our teams and individuals have continued to deliver safe, quality services, along with many service developments and accolades.

From the introduction of Urgent Treatment Centres to delivering award-winning physiotherapy services to children with complex physical disabilities, LCHS continues to shape responsive services to the needs of our communities.

We continue to build partnerships that make significant contributions to Lincolnshire's health and care system and therefore our patients. This supports our ambitions to operate cohesively as an Integrated Care System (ICS).

The year of 2020-21 has undoubtedly presented challenges as well as representing exciting progress.

Trust Purpose

Lincolnshire Community Health Service NHS Trust (LCHS) provides a wide range of community care across Lincolnshire meeting the physical health needs of our community as close to their homes as possible.

We have started our journey of working more closely with our partners across the Lincolnshire Health and Care System to become an Integrated Care System (ICS) and build on the good examples of partnership working before and during Covid-19. The Better Lives Lincolnshire Alliance, the Lincolnshire ICS, will help organisations in Lincolnshire to work together to provide better, more joined-up care to our community.

Our focus on the NHS Long Term Plan priorities and local population health needs continue to provide the opportunities to make positive changes to healthcare in Lincolnshire ensuring care is close to home and acute care is focussed on those people in most need.

We will see a renewed and refreshed focus on pathways of care developed with partners and patients through the Better Lives Lincolnshire Alliance. Working even closer with GP practices and their overarching Primary Care Networks (PCNs) using population health information and data to make sure health funding is directed to those that need it, in the most efficient way. This will support patients and their families to manage and own their healthcare needs, enabling them to look after themselves to get better quicker and see great outcomes.

The Trust has a wide portfolio of healthcare services that includes:

- community nursing to support patients to get better care closer to home
- children and young people's services, including children in care (previously known as looked after children) and children's therapy services
- electronic assistive technology service (EATS)
- general and specialist integrated community nursing immunisation and vaccination services
- inpatient beds and outpatient clinics

- four community hospitals
- urgent care services including Urgent Treatment Centres at Louth, Skegness, Lincoln, Boston and Peterborough which were joined by our new, upgraded urgent care services at Gainsborough and Spalding
- jointly provided temporary urgent treatment centre at Grantham Hospital
- musculoskeletal (MSK) physiotherapy services
- occupational therapy, physiotherapy and speech and language therapy
- podiatry service
- primary care services in Boston and Spalding
- safeguarding services for both children and adults
- Integrated sexual health and contraceptive health

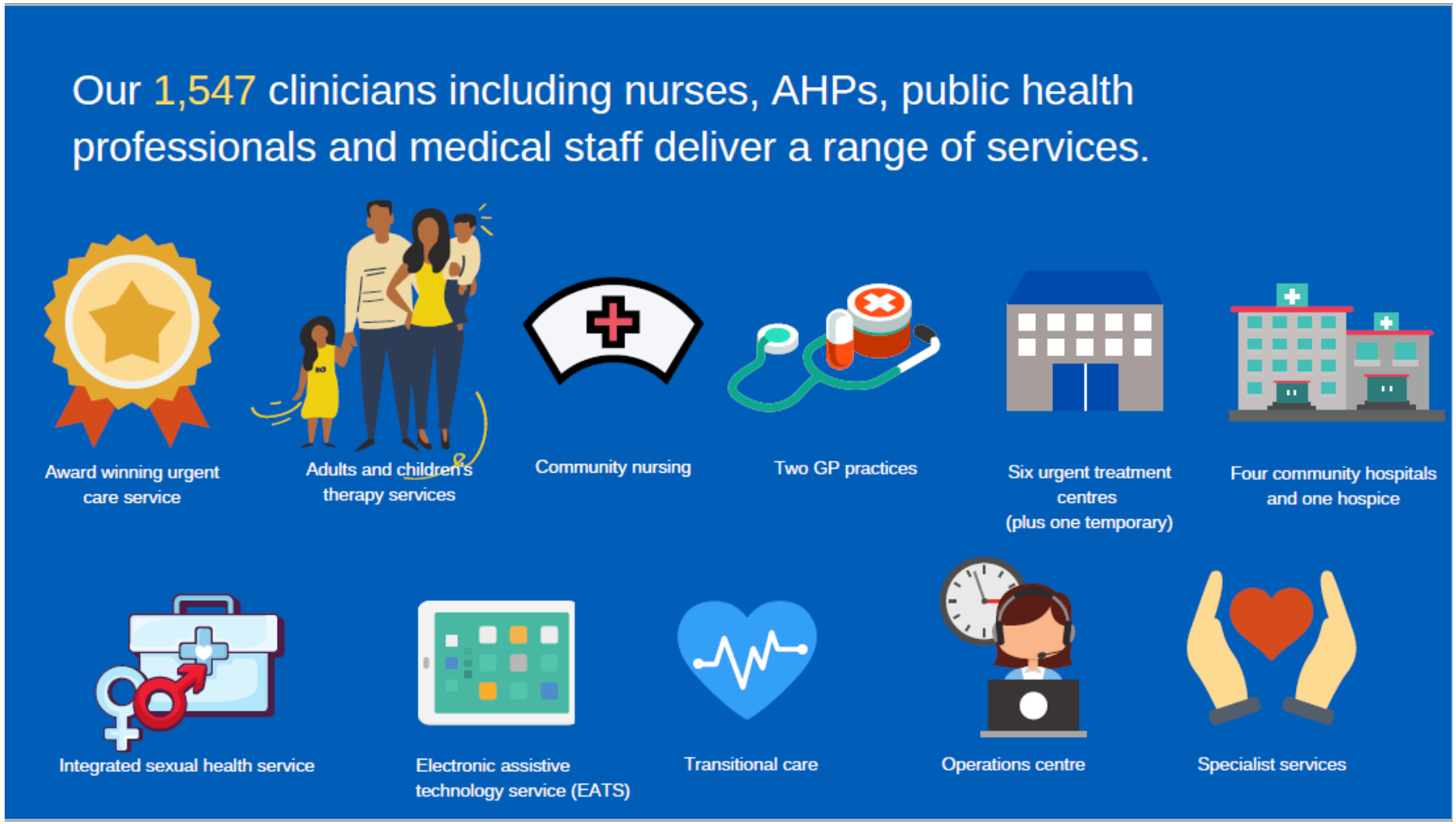


Figure 1 - LCHS range of service

About the Trust

LCHS cares for patients across the whole of Lincolnshire and parts of Peterborough. The services we deliver are commissioned by a number of organisations including NHS Lincolnshire Clinical Commissioning Group (CCG), the Peterborough Clinical Commissioning Group and Lincolnshire County Council (LCC).

Our services are delivered from over 64 different sites; our main sites are:

- Head Office – Beech House, Lincoln;
- Lincoln County Hospital, Louth;
- John Coupland Hospital, Gainsborough;
- Johnson Community Hospital, Spalding;
- Bourne Health Clinic;
- Riversdale Health Clinic; and
- Lindon House, Lincoln.

Our work

We deliver a diverse portfolio of community healthcare services through a range of trained healthcare professional including nurses, allied health professionals, public health professionals and GPs enabling great care across our communities. Our care is delivered through our 1,970 committed staff. Throughout the last year our amazing workforce have been an integral part of the system-wide response to Covid-19. This included supporting a mutual-aid approach where 281 staff members were redeployed across the system to where they were most needed, with retraining to care for patients in a different healthcare setting or alternative role in the fight against the virus.

This crucial resource provides high quality clinical care and expertise, coordinates, connects and advocates for patients and carers in addition to driving digital innovation to improve access to services. This includes core areas such as:

- Leading integration opportunities

- Supporting people with long term conditions
- Frailty and end of life care, including better dedicated care home support
- Urgent care
- Specialists in prevention, case management, risk management and appropriate discharge
- Details of our services are available on our website.

Our strategic aims and objectives

As a Trust we collaboratively review and agree our strategic aims every five years. Each year we revisit and renew our strategic objectives to ensure our direction continues to meet the needs of our patients, community and staff.

Figure 2- The LCHS Strategic Aims' and Objectives

The LCHS Way

We listen, We care, We act, We improve

Our approach to care and working together is important to us. All our staff work in an 'LCHS Way'. This reinforces the right behaviours and approach we take in everything we do, contributing to better care for patients and a better working environment in our Trust.

The LCHS Way is "we listen, we care, we act, we improve"

We listen: we engage with everyone we work with | we are united | we are always positive

We care: everyone is valued, respected and developed | knowledge and skills are nurtured | success is celebrated

We act: Clear goals and the right resources | freedom coupled with accountability | emphasis on simplicity

We Improve: we are creative, resourceful and innovative | integration & collaboration is the way forward | we're always striving to do better

Our Performance in 2020-21

Overview - Maz Fosh, Chief Executive

The challenges Covid-19 presented in 2020-21, and continues to do so, has made it one of the most exceptional years we have ever faced as a stand-alone organisation and collectively with our partners.

It has been a privilege to work alongside so many dedicated, caring and driven individuals during this time, for which I give my deepest thanks.

Our essential core services have continued to provide care throughout the pandemic, with colleagues redeployed from different areas of the organisation to ensure additional expertise and support has been available where it has been required.

Colleagues have embraced new ways of working, particularly in the use of digital technology. The Trust became one of the biggest early adopters of Microsoft Teams to support remote working and continue duties in support of patients and other staff members. Services have developed and adapted their offer to use this technology to be more responsive to people in need of care. Great examples are our Cardiac Rehabilitation and Pulmonary Rehabilitation services who have been providing virtual group sessions when routine face-to-face options have not been available.

From the outset of the pandemic the support given to our colleagues by members of the public has been humbling and gratefully received.

A particular highlight was our successful ‘thank you’ postcard competition where young people were invited to design their own thank you card for NHS staff members. More than 90 young people took the time to enter, with some exceptional entries demonstrating local artistic talent, providing a morale boost to our staff and teams.

In support of the national Covid-19 response and associated vaccination programme, LCHS has overseen the launch of two large scale vaccination centres in Lincolnshire, at The Lincolnshire Showground in Lincoln and the Princess Royal Sports Arena in Boston. The Trust is also very proud for The Sidings Medical Practice in Boston to be playing a significant role as a vaccination hub within its local Primary Care Network.

Supporting the individuals that make up our teams and maintaining their health and wellbeing has been a significant priority during 2020-21. LCHS expanded its already well-established programme of activities to join forces with other organisations in Lincolnshire and extend the provision available in light of Covid-19. This included a dedicated Covid-19 helpline, recognised for the part it played in supporting health and wellbeing across Lincolnshire’s partner organisations by winning the Workplace Wellbeing Award in the Lincolnshire Sport and Physical Activity Awards.

The Trust also received the highest score for community trusts for ‘Quality of Care’ with more than 80 per cent of colleagues saying they are satisfied with the quality of care they give.

Having achieved awards success in 2019 LCHS’s Children’s Rapid Response Respiratory Service continued to impress judging panels in 2020. In October the team won The Council of Allied Health Professions Research (CAHPR) Award for Evaluating Health and Social Care Practice at the Advancing Healthcare Awards. In early 2021 the team was shortlisted in the ‘Paediatric Care Initiative of the Year’ category of the HSJ Value Awards. The winner of this prestigious award is expected to be announced in September 2021.

Among the innovative projects inspired from the impacts of the Covid-19 pandemic was the first-ever drive-through vaccination clinics for young people in need of their HPV vaccine.

The Trust’s School-Aged Immunisation Service had been unable to deliver its usual programme of activity due to school closures in the first wave of the pandemic and delivered the new style of clinics in locations across Lincolnshire as part of the team’s recovery programme.

Within primary care Spalding GP Surgery and The Sidings Medical Practice have been recognised for their improved support to military veterans. Both practices received Armed Forces Veteran Friendly Accreditation by the Royal College of General Practitioners during 2020. This means there is now a dedicated clinical lead for veterans at both surgeries with staff also having additional training to meet the health commitments made within the Armed Forces Covenant.

Another service development highlight has been the further introduction of Urgent Treatment Centres in Lincolnshire. Having launched Urgent Treatment Centres in Skegness, Louth, Lincoln, Boston and Peterborough during the previous financial year the

Trust has opened two new centres at Gainsborough and Spalding, offering convenient, bookable appointments for patients by using NHS 111.

LCHS has also been delivering services temporarily at Grantham's Urgent Treatment Centre in support of a Covid-19 initiative, led by United Lincolnshire Hospitals NHS Trust, to facilitate Grantham and District Hospital as a Covid-19-free 'green' site.

During 2020 the Trust also launched its 'Talk Before You Walk' campaign encouraging the public to access support virtually via NHS 111 before travelling to services in person. This means people can access timely, appropriate advice and treatment from the right services before they have left home.

The ethos of the campaign was continued within the ambitions of 'Let's Do This Together' – a countywide initiative supported by all of Lincolnshire's NHS organisations - asking people to follow five acts to support local services. These included eating healthily and moving more, visiting a pharmacy before a GP, making and maintaining appointments, using telephone or video appointments and using the NHS 111 service.

It has long been an ambition of the NHS locally and nationally to encourage and develop closer working partnerships to respond to local needs and deliver care more effectively. The Covid-19 pandemic has brought Lincolnshire's organisations closer than ever before with bolder ways of working without the constraints of organisational boundaries.

This progress is further celebrated through the development of the Better Lives Lincolnshire Alliance, Lincolnshire's Integrated Care System. The county's successful bid was confirmed in March 2021 and took effect from 1 April 2021.

LCHS's health and wellbeing and staff engagement programmes also scored highly in the results of the national NHS Staff Survey in 2020 with the Trust achieving the top score for community trusts nationally in both categories. Despite the additional challenges presented by Covid-19, 63 per cent of staff took the time to answer the survey - a figure higher than the national average response rate.

Dedication, inspiration and innovation remain at the heart of our approach and to the way we deliver services, helping us to do more despite the significant challenges of Covid-19.

LCHS 2020/21 Key Facts & Figures

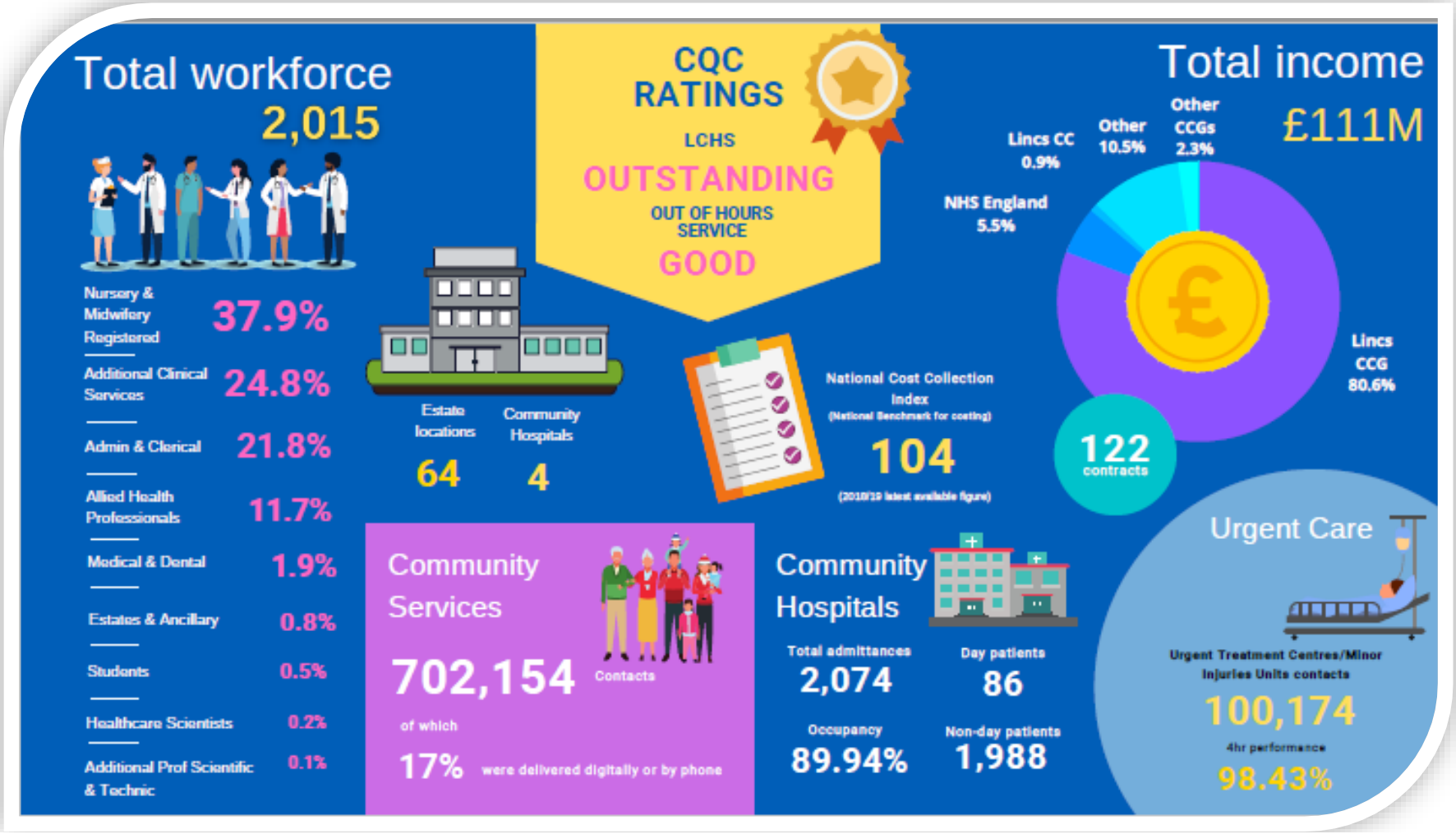


Figure 3 - LCHS Key Facts and Figures

Financial performance

During 2020-21 LCHS has focused on responding to the challenges presented by the Covid-19 pandemic while supporting our staff and patients to deliver services. Normal NHS operating framework rules for financial performance were paused and/or simplified for 2020-21 to enable Trusts to focus on responding to the pandemic and subsequent restoration of services to pre-Covid-19 levels and ongoing response needs.

LCHS' track record is strong in effectively managing its financial performance and delivering against our financial plan commitments. We have worked with system partners to ensure money received was deployed in response to Covid-19 and service delivery priorities in Lincolnshire. Our year-end financial position met the required break-even expectations set by NHS England. The Trust supported partner providers to break-even within the allocated financial resources for 2020-21. The Trust also delivered on its planned £1.9m capital investment programme for 2020/21.

Service developments in 2020-21

The Acute Covid-19 Virtual Ward

As part of the LCHS and system response to Covid-19 an Acute Virtual Ward model was developed in partnership with colleagues at United Lincolnshire Hospitals NHS Trust (ULHT). The model enabled the safe discharge of Covid-19 positive patients out of hospital into their own homes. All patients received an oximeter to monitor their oxygen saturation levels three times per day and their recovery supported by daily clinical review phone calls.

Six Covid-19 positive patients were admitted to the virtual ward and none were readmitted to hospital. Patients have shared positive experiences of the virtual ward with the service which will be used to inform developments in non-Covid-19 related services going forward. Innovative options such as the virtual ward support effective and safe discharge processes for patients and reduce pressure for beds across the Lincolnshire system.

Urgent Treatment Centres

The joint delivery with ULHT of temporary Urgent Treatment Centres services at Grantham Hospital in June 2020 was a step forward for partnership working across the Lincolnshire system. Benefits for local patients included a 24/7 walk in service - with the support of NHS 111 – plus more convenient, bookable appointments.

The Trust's network of Urgent Treatment Centres has expanded to include Gainsborough and Spalding, both former Minor Injury Units.

A successful bid for £1.8 million to upgrade the Lincoln Emergency Department included funding enabling the Lincoln Urgent Treatment Centre to be refurbished and significantly renovated. The new UTC was launched at the beginning of May 2021.

Palliative Care and End of Life

The Palliative Care and End of Life (PEOL) programme has continued to go from strength to strength, including personalisation developments across the system. Increasing early recognition of palliative care needs has and continues to be a priority for the Trust. Enabling clinicians to open up opportunities through advanced care planning to support patients to make advanced decisions about the end of their lives and have the difficult conversations with their families through supported conversations with staff. The programme aims to increase the volume of robust care assessments and improve the quality of support provided in the last days of life. Key measures have been the continued emphasis and increased provision of patient-centred care, increased collaboration and co-ordination across the health and care system of palliative services.

Home First Partnership

Established as a component of the response to Covid-19 the Accelerated Discharge group was created which involved all health and care partners across Lincolnshire. This focussed on managing and maintaining patient flow from the acute setting into community hospitals and community care services.

The benefits to this new way of working have been:

- improved communication and collaboration across all providers and partner organisations;
- improved flow of information and a reduction in risk for our patients; and

- enhanced quality control and shared learning from incidents.

Ultimately the project delivered a smoother and efficient patient flow through the system.

Children's physiotherapy rapid response service

Children with complex physical disabilities who live in Lincolnshire have been supported through this exceptional service to help prevent hospital admissions for acute chest infections. In 2020 the service won the National Advancing Healthcare Awards UK award for Evaluating Health and Social Care and have also been shortlisted in the Health Service Journal (HSJ) Value award for Paediatric Care Initiative of the Year 2020 (results pending).

Leading the digital way

LCHS prides itself on being an innovative NHS Trust and despite the challenges through 2020-21 the Trust still hit the top figures nationally for use of Microsoft Teams, a communication platform developed by Microsoft as part of the Microsoft 365 family of products. Teams primarily offers videoconferencing, calling and messaging through the internet. During the national restrictions and regulations relating to social distancing and the need to work from home where possible, the Trust took full advantage of this technology to maintain business as usual. Microsoft Teams was introduced at pace, embraced by our staff and is now seen as an essential tool to help keep the organisation working together and with system partners. It's also had a positive impact on reducing journeys and costs to our organisation.

Meetings, training and support networks quickly moved onto Teams minimising the requirement for staff to go into bases unnecessarily, enabled our staff to reduce travel across Lincolnshire and continue to connect effectively with colleagues, patients, community members and partners across the country.

The possibilities of Microsoft Teams and additional digital options continue to be explored, from live broadcast events of our bi-monthly Trust Board meetings, Talk to Trust Leadership Team fortnightly livestreams to keep in touch with organisational leaders, to health and wellbeing group meetings and online exercise classes for patients.

Office 365 – securely work anywhere at any time

This initiative has improved our ICT security and increased the mobility of staff with access to new ways of working. Office 365 has been introduced across the Trust, ensuring our staff have the latest and safest technology to use, enhancing mobile working and creating a truly agile workforce. This includes, accessing documents on the move via laptops, phones or other devices, and working together on project files while at opposite ends of the county. More is possible with further upgrades to Office 365 and this further reduces the need for travel.

Previous network issues no longer cause delays with data now stored in a virtual cloud, accessible from anywhere with an internet connection using OneDrive and SharePoint. This increased flexibility helps to overcome the geographical setbacks in such a large county as Lincolnshire giving more time to focus on patient needs.

Video consultations

Covid-19 restrictions have significantly increased the demand for video consultations the past 12 months. Video consultations have increased significantly through 2020-21 which is fantastic news for patients who would previously have struggled to physically get to their GP surgery. E-consultations have also enabled patients and the highly vulnerable to still access care and clinical advice whilst they have been shielding.

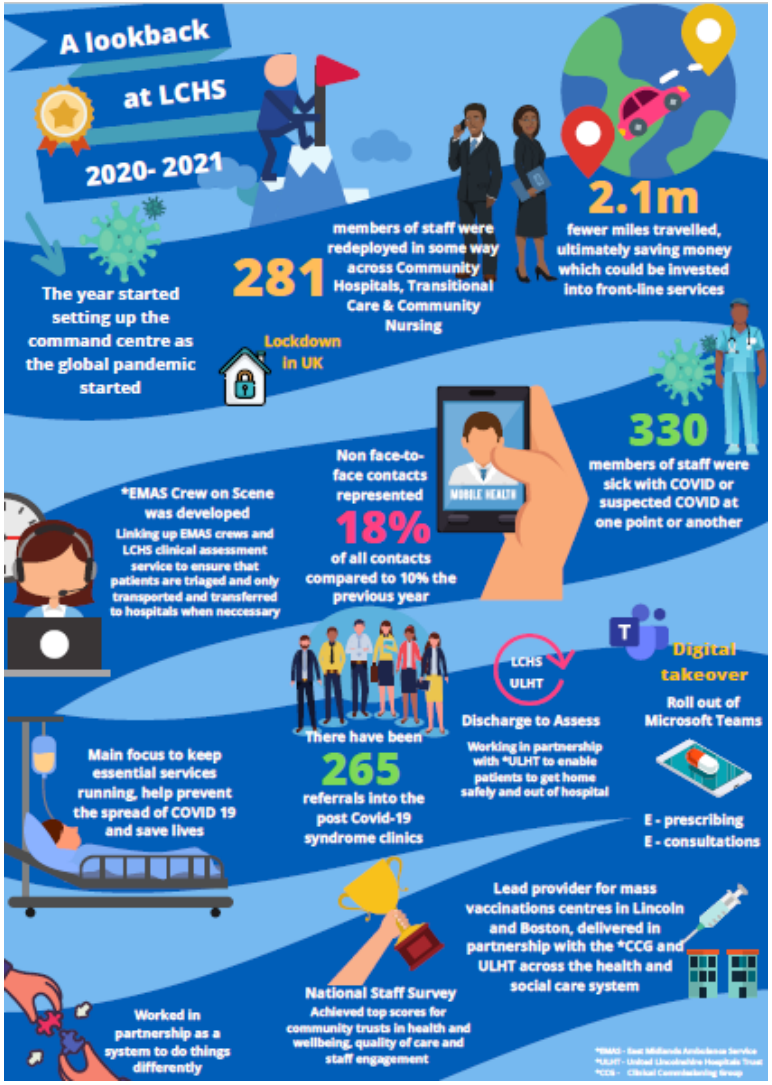
eLearning and online training

Staff training had to turn a sharp corner in the last year as face to face training was suddenly no longer an option for the Trust. All training for staff was moved online through e-platforms and staff were supported to use digital technology to maintain competencies. E-learning packages and video tutorials for staff can all be accessed remotely. Although progression to increase e-learning across the Trust was planned this was significantly accelerated through Covid-19. We will continue to take full advantage of further training technologies for staff as they become available. Other digital initiatives delivered in 2020-21 include:

- 20% of our IT estate refreshed to ensure fit for purpose equipment for staff.
- HealthRoster is now available for all staff providing an eRostering system to support the managing of staff time and availability. This will realise further efficiencies in workforce deployment in the coming year as well.

- New Voice Over Internet Protocol (VOIP) telephony is now in place replacing out of date equipment, providing a more robust and supported infrastructure across the Trust, also reducing future telephony costs.

Figure 4- The LCHS 2020-21 Journey



Summary of LCHS structure and the services provided

The Trust is managed through five organisational directorates:

- Chief Executive's Office
- Finance and Business Intelligence Directorate
- Medical Directorate
- Nursing, Allied Health Professionals (AHP) and Operations
- People and Innovation Directorate

The corporate services directorates, which consist of the Chief Executive's Office, People and Innovation and the Finance and Business Intelligence Directorates, manage the day to day business of LCHS. These directorates also support the work of the Nursing, AHP and Operations Directorate and the Medical Directorate to ensure delivery of high quality, effective and efficient services.

In March 2020, refreshed in March 2021, LCHS published a suite of five-year strategies setting out clear intentions and planned activities for 2020-2025 to enable great care, close to home.

- Clinical Strategy
- People Strategy
- Estates Strategy
- Digital Health Strategy
- Finance and Business Intelligence Strategy

Chief Executive's Office

This directorate manages the corporate business services of LCHS. Functions include Trust Board, development, logistics and support, corporate assurance and governance, compliance and legal services, registrations and membership with regulating

bodies, complaints management, the Patient Advice and Liaison Service (PALS), communications and engagement and freedom of information.

Finance and Business Intelligence Directorate

The directorate brings together elements within the organisation including strategic commercial engagement, financial management, financial accounting, contracting, performance and information as well as strategy and planning.

Medical Directorate

The Medical Directorate has successfully recruited and appointed a substantive Medical workforce to meet the developing needs of the Trust. In addition, the Trust now has a fully contracted bank medical workforce to support at times of surge and increased demand. In addition to the Medical Workforce, the Medical Directorate has expanded its portfolio to include Medicines Management, Medical Devices and Medical Gases, Learning from Deaths, Practitioner Performance, Research & Development and Clinical Audit and Quality Guidance.

Nursing, AHP and operations: The six service lines

Operational Business Services

The new Trust Operational Business Services includes Primary Care, our Operations Centre and Patient Admin services.

In Primary Care, we provide services for patients registered at Spalding GP Surgery and we also provide interim services for the Sidings Medical Practice in Boston. Working with other PCN partners to manage the local populations health needs.

Working with local health partners we support other practices who may find themselves in difficulty, ensuring all patients in Lincolnshire have access to good quality GP services.

The Operations Centre provides several different services including taking referrals from system partners and patients to LCHS services, organising admissions into our community hospitals and supporting our urgent care services.

Patient admin services provide supportive administrative services to our clinical teams. This service works closely with colleagues to ensure the appropriate admin activities are delivered for our clinicians, giving them more time to care for patients.

Further supporting Lincolnshire response to provide Covid-19 vaccinations, the Trust managed Sidings Medical Practice in Boston gave more than 8,000 first vaccinations to care home residents, people aged over 65, the clinically extremely vulnerable and people with learning disabilities.

The Trust's successful management of the Spalding GP Surgery is recognised by the Care Quality Commission (CQC), giving a positive review in a transitional monitoring review for the surgery. On top of this, the surgery is an approved research practice. The Trust managed Spalding and Sidings GP practices have also received Armed Forces Veteran Friendly accreditation recognising the improved support to military veterans in need. Staff at these two GP practices are now able to better identify, treat and support veterans in need of healthcare.

Community Nursing

The community nursing service for adults are organised into 12 Community Teams aligned to Primary Care Networks. Community nursing teams work closely with a range of services across LCHS including Allied Health Professions and Specialist Services, to provide support to people with long term conditions, people who are frail, and those at the end of life. Community nurses also work closely with a range of professionals from other agencies including Primary Care as part of Neighbourhood Teams to provide integrated care for patients designed to meet local needs.

Primary Care

Working with our Primary Care Network (PCN) partners across Lincolnshire to realign our community services to deliver more joined up services. Employing First Contact Physiotherapists in GP surgeries to help patients to with musculoskeletal problems to see the right person at the right time. LCHS holds the contract for or manages the Spalding Surgery and the Sidings Medical Practice, a PCN vaccination hub for the Boston area in Lincolnshire.

Community Hospitals and Transitional Care

LCHS has four community hospitals; County Hospital, Louth, John Coupland Hospital in Gainsborough, Johnson Community Hospital in Spalding and Skegness Hospital. We also deliver care within the Butterfly Hospice in Boston which we had to close for part of 2020 to enable Butterfly staff deployments to where they were needed most.

Community Hospitals and Transitional Care provide a critical role across services and system providers to ensure that home first principles are proactively viewed as the starting position and not the end point. The service provides an essential function in supporting the emerging Neighbourhood Team models of care to achieve admission avoidance and reduce acute Delayed Transfer of Care (DToC). Bridging the gap between hospital and home maximises recovery and promotes independence with an emphasis on 'Home First' through time-limited rehabilitation and support for older people and adults with long term conditions.
The Operations Centre supports the system with referral handling and demand/capacity management to ensure the right care, first time.

Allied Health Professionals (AHPs) and Children's Services

AHPs use a holistic approach to assess, treat, diagnose and manage a range of conditions in adults and children across community settings. The focus is on prevention and improvement of health and wellbeing to maximise the potential for individuals to live full and active lives. Adult Services are: Occupational Therapy, Physiotherapy, Speech and Language Therapy, Podiatry and the Lincolnshire Stroke Service.

Specialist Services

Services provide care closer to home to reduce hospital admissions and manage long term conditions through self-care.
The Specialist Services are: Diabetes; Heart Failure; Respiratory; Pulmonary Rehab; Macmillan; TB; Tissue Viability; INR; Continence; Lymphedema; Parkinson's; and MSK Physiotherapy. We provide countywide integrated sexual health and contraceptive health services through LISH (Lincolnshire Integrated Sexual Health).
The Electronic Assistive Technology Service provides a specialist service across the East Midlands including Nottinghamshire, Derbyshire, Leicestershire, Lincolnshire, Northamptonshire and Milton Keynes.

Urgent Care

Urgent care is delivered through urgent treatment centers, walk in centers and an extended range of provision including a; telephone clinical assessment/triage, home visiting and face-to-face consultation. Home visiting is also available for patients meeting the criteria.

The services provide care to patients with a range of injury and illness related conditions.

Integrated Urgent Care in Lincolnshire
The service offer for LCHS Urgent Care is delivered as:

- Clinical Assessment Service - definitive clinical assessment by telephone.
- Building Based Urgent Care - face-to-face patient consultation – Within Urgent Treatment Centres /GP Out of Hours (OOH) provision / Acute Primary Care/ Integrated Primary Care GP Hubs.
- Mobile Urgent Care - face-to-face patient consultation in the patient's own home - GP OOH provision / Acute Primary Care.

LCHS delivers a 24/7 integrated urgent care service that ensures people receive the right care, from the right person, in the right place, at the right time.

People and Innovation Directorate

People and Innovation recognise the value brought to the Trust by its people and the link that exists between an engaged, happy workforce who feel valued, and the quality and efficiency of the care they can deliver.

People and Innovation provide expertise and leadership in the areas of human resources, health and wellbeing, equality, diversity and inclusion, organisational development, learning and development, transformation, digital health and innovation, estates alignment and health and safety.

Challenges facing healthcare in Lincolnshire

Lincolnshire has its ongoing healthcare challenges. The immediate and future impact of Covid-19 is creating further challenges the healthcare system must address.

Covid-19 challenges

- The health and wellbeing of our people post Covid-19 is of utmost importance. Staff have worked flat out for a long period of time in response to Covid-19. There now needs to be a continued but greater focus on their health and wellbeing, particularly psychological support.
- Delivering services in a way that continues to reduce the impact of Covid-19, cares for patients with ongoing Covid-19 related conditions and maintains the efficient use of the funding we get.
- To take the learning from partnership working during Covid-19 and embed these into the way services continue to run so that we 'build back better' for our Lincolnshire community.
- To ensure we continue to restore and recover services effectively and in the best way possible for our patients, staff and community. services the restoration and recovery of all services are completed. At LCHS we have restored most of our services and are continuing to assess patient needs for the services that have not yet been restored.
- Supporting the healthcare system to reduce backlogs in patient waiting lists.
- The disproportionate impact of Covid-19 on Black Asian and Minority Ethnic (BAME) communities and colleagues, has shone a light on inequalities and created a catalyst for change.
    - During the pandemic LCHS has supported and continues to support all staff to respond to the challenge by:
        - Being one of the first NHS organisations to complete Risk Assessments for our BAME colleagues, reviewing how C19 impacted on different communities. These were updated more research became available, including assessments for the high-risk groups of people with long term conditions, disability, age, men and obesity.
        - Additional weekly meetings for the already established BAME staff network and the MAPLE (mental and physical lived experience) staff network with support from the INTENT group for colleagues with disabilities, long term conditions and those who have shielded.

    - LCHS also now has 7 staff networks and support groups: BAME and Allies, MAPLE, INTENT, LGBT+ with Friends, Faith and Belief, Carers, Women's and a Men's network.
    - The CEO communicated directly in support of our BAME colleagues both to individuals and their families and collectively to the whole organisation.
    - The CEO and the Chair of LCHS met with the BAME Chair and Vice-chair with a 'Play List' (action plan) of actions from the BAME Staff Network which has been implemented.
    - The Trust Board have welcomed the BAME Chair onto the Public Board as a 'Board BAME Advisor'
    - LCHS funds the BAME chair 7.5 hours release time a week to actively engage in staff network activities, and the BAME vice-chair has 4 hours release time per week to support the Chair.
    - The system celebrated Black History month in October 2020 virtually with local and national speakers with a very good uptake from the organisations.
    - LCHS is involved with System BAME Staff network
    - The EDI LEAD and the BAME staff network chair/vice chair regularly attend regional and national webinars on the BAME agenda to feedback into the organisation.
- Our staff and patients have risen to the challenge of remote working and making best use of digital technology. We need to ensure that the increased productivity and benefits are embedded. Plans are progressing as we work with partners to tackle digital inequalities across Lincolnshire.

Lincolnshire challenges

Lincolnshire has several challenges that impact on the delivery of health and care services across the county.

- Lincolnshire has a higher proportion of adults over the age of 75 and this number is expected to double over the next 20 years.
- The prevalence of cancer is in the upper quartile nationally. Smoking, obesity and physical inactivity rates are all significantly worse than nationally. The rate of early deaths from cardiovascular diseases is worse than average.
- Lincolnshire has one of the fastest growing rates of carers in the UK.
- Urban areas and the coast suffer higher than average levels of deprivation.

- Delivering care to 0.75m people dispersed across the city, market towns, rural and coastal areas over 5,921 square kilometres 24 hours a day 7 days a week with poor local infrastructure is challenging, particularly for community services.
- Low digital literacy, particularly on the east coast, presents a potential barrier to digital transformation, although great progress was made during Covid-19, there is more to do.

The Lincolnshire health and care system

National healthcare policy for the next 10 years is outlined in the NHS Long Term Plan, published in January 2019. Despite the impact of Covid-19 this continues to be the long-term direction that the Lincolnshire Health and Care System is fully aligned to.

In the last year Lincolnshire system partners have planned for and moved to creating an Integrated Care System (ICS). From 1 April 2021 this new partnership, the Better Lives Lincolnshire Alliance, is between the organisations that will meet health and care needs across the Lincolnshire healthcare system. Its main focus will be to coordinate services and to plan in a way that improves population health and reduces inequalities between different groups.

LCHS is fully aligned to the NHS long term direction and ICS through our Operational Plan for 2021-22 supporting the delivery of system change and improvement, with partners. The purpose and ambition of the Lincolnshire's NHS Trusts, and the agreed healthcare priorities for the next five years were set in 2019 through the system Long Term Plan (LTP). These remain relevant, however, the impact of Covid-19 has meant a focus on shorter to medium term priorities.

Long term Plan priorities

Supporting everyone in Lincolnshire

To Start Well, Live Well and Die Well through supporting: development before starting school; help in navigating the transition to adulthood; healthy lifestyles; urgent help to deal with accidents or acute illness; working together to manage long term conditions; those who are dying and the people who are close to them.

Lincolnshire's four core ambitions for starting, living and dying well

1. Shifting the emphasis to prevention and self-care;
2. Ensuring people have choice and control over the way their care is planned and delivered;
3. Working together across services to better meet people's needs and improve their experience of care; and
4. Care closer to home.

To deliver the above ambition the system has a number of priorities for **patients and the public, our people** and the **system**:

For patients and the public:

- Improve cancer screening and outcomes;
- People only go into acute hospital when care cannot be provided in a community setting;
- Improve prevention and early detection and intervention for heart disease and breathing problems;
- Strengthening the partnership between health and social care services to support people with multiple health conditions;
- Increasing capacity in musculoskeletal services and keeping people well for longer;
- Healthy babies;
- Support for new mothers;
- Improved child health and wellbeing to reduce health inequalities;
- Increasing access to psychological therapy treatment;
- Improving mental health wellbeing for those will depression and dementia;

- Support people with learning disabilities to live well with reasonable adjustments in their support and care;
- Reducing A&E attendances and waiting times; and
- Expand and reform services to ensure patients quickly get the care they need.

For our people:

- Build capacity to care through better supporting and developing staff;
- Making the most of the expertise, capacity and potential of people, families and communities;
- Develop system leaders; and
- Ensure workforce health and wellbeing whilst driving innovation and performance.

For the system:

- Faster, safer and more convenient care;
- Improved access; help patients manage their health;
- Help clinicians to use the full range of their skills;
- Reduce bureaucracy; and
- Improved access to services to ensure people receive the right care, first time.

Shorter term post Covid-19 priorities

Many of these shorter-term priorities align to the LTP priorities. There is a need for greater focus on them in the coming year:

For our patients and public:

- Delivering the NHS Covid-19 vaccination programme and continuing to meet the needs of patients with Covid-19, and 'long term' Covid-19.
- Building on what we have learned during the pandemic to transform the delivery of services, accelerate the restoration of elective and cancer care and manage the increasing demand on mental health services. As well as all other critical services.
- Expanding primary and community care capacity to improve access, local health outcomes and address health inequalities.

- Transforming community and urgent and emergency care to prevent inappropriate attendance at emergency departments (ED), improve timely admission to hospital for ED patients and reduce length of stay.

For our people:

- Supporting the health and wellbeing of staff to recover from the impact of their work during Covid-19.
- Ensuring we take continued positive action on recruitment and retention.

Single Oversight Framework (SOF)

The Single Oversight Framework (SOF) outlines the approach NHS England takes to overseeing the performance of NHS Trusts and identifying where commissioners and providers may need support.

Each Trust receives an overall rating of one to four based on data monitoring and NHSE/I's judgement of providers' circumstances across the five themes of quality of care, finance and use of resources, operational performance, strategic change and leadership and improvement capability. SOF segment 1 is the top rating a Trust can receive. For 2020-21, some elements of the underlying SOF metrics (e.g. for financial performance) were suspended to enable full focus on Covid-19 response activities.

LCHS was consistently rated 'SOF 1' overall for most of 2020-21, meaning there were no evident concerns and no support needs identified.

Quality account performance

The quality account priorities for 2020/21 were discussed with stakeholders including staff groups and patients and were then agreed with the LCHS Quality and Risk Committee and Trust Board.

The priorities were chosen in consideration of the national audit recommendations, local prevalence and feedback from Lincolnshire Healthwatch and input from Lincolnshire commissioners.

Delivery of the 3 quality priorities agreed for the year have been severely impacted on as our response to the pandemic necessitated that we prioritise clinical delivery and patient safety over the delivery of the quality account. Some progress has been made and the section below describes what has been achieved. The priorities and the achievement of them were:

The following section of the report provides an update on the achievements for each of the priorities:

Quality Account Priority	Delivery
Priority 1: Safe Improving management of patients identified as at risk of falls as an inpatient	
Priority 2: Effective Development of individualised person-centred care and treatment plans for all patients with diabetes for optimum health care planning and including promotion of self-care for patients with diabetes	
Priority 3: Responsive Improving our responsiveness to patients requiring or referred to continence assessment including the appropriate identification of patients' requiring referral to continence specialist input.	

Quality summary of performance

Safe staffing

Under the leadership of the Director of Nursing LCHS reviews safe staffing across all services on a monthly basis and has developed workforce plans for the next 3-5 years.

These workforce plans reflect both in-year staffing requirements and challenges as well as a clear focus on long term developmental need. Plans will address workforce numbers and the skills required to deliver future services. The plans are being clinically led and implementation in the coming year will, we believe, provide a strong foundation to support safer staffing, providing a significant improvement in many areas of care quality, staff and patient experience.

The Trust has maintained safe staffing levels responding to all capacity and staffing escalations during the pandemic. The Trust will continue to report progress through the Quality and Risk Committee on a bi-annual basis.

Serious Incidents and incidents

The Trust reports all incidents of any type via our Datix system. In 2020-2021 a total of 7,091 incidents were recorded.

Throughout the year the Trust has continued its record of being a consistently high reporter of incidents - reflective of our positive safety culture - recording 2,236 incidents categorised as patient safety with an associated severe harm/death rate 0%.

In 2020-21 LCHS reported 29 serious incidents, 9 of these were Covid-19 outbreaks which, when the criteria for reporting was confirmed, were downgraded by NHS Lincolnshire CCG. Of the remaining 20 serious incidents there were 9 falls, 7 resulting in a fracture, 1 result of safeguarding enquiry (known as a Section 42 enquiry) and 1 fall with no injuries; 2 treatment delays; 4 diagnostic incidents; 2 care delivery incidents; 2 information governance breaches and 1 near miss.

Pressure ulcers that are recognised as a deep wound that reaches the deeper layers of the skin – a category 3 pressure ulcer – or a very deep wound that may reach the muscle and bone – a category 4 pressure ulcer - are reported as serious incidents. The total figure reported for 2020- 21 was 292. From this figure 47 were rated as category 4 ulcers. These are reviewed through local steering groups to establish if they are attributable to LCHS

Medication errors

The Trust continues to review and scrutinise every medication error that occurs within services and has developed a raft of tools, including thematic reviews, educational webinars and individual staff preceptorship, to ensure errors are minimised. As a Trust LCHS remains well below the national average for medication errors in our Community Hospitals and Community Nursing Teams.

Patient Safety Strategy

The NHS Patient Safety Strategy outlines a collective intent around ongoing improvement of safety and influencing the way we learn, treat staff and involve patients. Emphasis is given to sharing safety insight, empowering patients and staff with the skills, confidence and mechanisms to improve safety, building on the foundations of a safer culture and safer systems.

Patient safety has been paramount in the delivery of the Trust's Covid-19 response and is a key component of restoration and recovery.

Safety thermometer

Safety Thermometer - the safety thermometer is a national point prevalence tool which allows the trust on one day each month to measure and monitor the number of our patients who may have suffered certain types of harm whilst in our care. The tool looks at four harms: pressure ulcers, falls, blood clots and urine infections for those patients who have a urinary catheter in place. We use this information to help us to understand where we need to make improvements.

Due to Covid-19 the collection of Safety thermometer data was suspended in March 2020 and there are no plans currently to restart the recordings.

All four areas of harm captured by the safety thermometer tool continue to be measured and acted upon separately to this data.

Safety alerts

The Trust has responded to all safety alerts within the required timescales.

Safeguarding

LCHS continues to meet its statutory and contractual safeguarding obligations. The robust reporting, and quality assurance processes continually recognises that our staff demonstrate their duty of care to our patients and service users, with many examples of appropriate multiagency challenge and excellent patient advocacy to enable our patients to live free from harm and abuse.

Performance summary

Despite the significant impact of Covid-19 during the year LCHS continued to deliver safe, high quality community healthcare services to the population of Lincolnshire and urgent care services to the people of Peterborough. The Trust has done this within its financial control total which has enabled us to make a positive contribution to a challenged healthcare system with a substantial financial deficit.

Our staff and services responded brilliantly to the pressures of the pandemic and have recovered the majority of our services to pre-Covid-19 levels. We will continue to invest in the health and wellbeing of our people as we believe that staff who are healthy and feel supported deliver better patient care.

LCHS continues to have a robust, values-based approach to recruiting, retaining and managing our people to ensure we have the right skills, in the right place at the right time.

The Lincolnshire system is working better together than ever before and our collective response to the pandemic has shown how collaboration can provide better services for the residents of the areas we serve. Our focus and priority in delivering great services close to home in partnership with other providers continues now we are part of the Better Lives Lincolnshire Alliance ICS.

Accountable Officer:

Maz Fosh, Chief Executive

Lincolnshire Community Health Services NHS Trust

Signature: 

Date: 8th June 2021

Corporate governance report

Directors' report - Composition of the Board of Directors

Chair:

Elaine Baylis QPM

Chief Executive

Marie (Maz) Fosh

Executive Directors

Tracy Pilcher, Director of Nursing, Operations and Allied Health Professionals and Deputy Chief Executive

Ceri Lennon, Director of People and Innovation

Sam Wilde, Director of Finance and Business Intelligence:

Dr Yvonne Owen, Medical Director:

Non-Executive Directors

- Alan Kent
- Liz Libiszewski
- Kevin Lockyer
- Gail Shadlock
- Vacancy (not filled due to COVID)

Also in attendance:

- Deputy Director of Corporate Governance
- Corporate Administration Manager and Personal Assistant

During 2020-21, from May 2020, the Trust Board met six times in public via livestream as the Board was unable to meet in person due to the national pandemic. Six extraordinary Trust Board sessions took place on alternate months, also by electronic means, to enable the Trust to review and approve key actions taken as part of the Lincolnshire and Trust response to Covid-19.

The Trust Board consists of a chair, four non-executive directors (excluding the chair) and five voting executive directors (including the chief executive). The Deputy Director of Corporate Governance is also in attendance.

Annual governance statement

Scope of Responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS Trust's policies, aims and objectives, while safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the organisation is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the NHS Trust Accountable Officer Memorandum.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Lincolnshire Community Health Services NHS Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Lincolnshire Community Health Services NHS Trust for the year ended 31 March 2021 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Trust has a Risk Management Strategy which is approved by the Trust Board.

The Trust Risk Management Strategy was fully reviewed and rewritten following key learning and changes implemented as a result of the collaborative response to covid-19 and approved in March 2021. This included a full review and realignment of the Trust's Risk Appetite Statement.

The strategy is available to the public and employees on the Trust website. The purpose of the strategy is to ensure that risks to the quality and delivery of patient services and care are managed, to protect the services, reputation and finances of the Trust, to create a culture where staff acknowledge risk as the responsibility of everyone and to ensure that the Trust meets its statutory obligations. The strategy defines the structures for the recognition, management, ownership, review of risks and risk criteria, control and gaining assurance of risk and the methods in which risk issues are considered and assessed.

The risk management process is owned by Trust Board with Executive Directors and Deputy Directors being directly accountable for each risk and appropriate and effective mitigating actions, in line with the Corporate Governance Code and the Orange Book, principles and concepts of risk management. All risks with an overall score of 12 or above are noted on the Trust Corporate Risk Register are reviewed at least monthly by Deputy Directors in collaboration with Executives. Feeding into this is the Corporate Services Operational Risk Register for risks holding an overall score above 4 and below 12, monitored through the Trust Leadership Team on a monthly basis and informed by local risk registers managed by Quality Assurance Managers. Robust mechanisms are in place to ensure risks are managed effectively, moved between registers appropriately and to ensure sufficient time is allocated by each responsible committee or group for their consideration, review and management.

Through the risk identification process staff at all levels are able to identify, assess and develop mitigating action plans to reduce and manage each risk effectively. The Risk Management Strategy provides the overarching framework and guidance to enable this along with training and support provided by the Corporate Governance and Quality Teams. The Quality Assurance Managers play a key role, individually and collaboratively, in effecting consistency in the assessment of risks. Collectively, the Quality Assurance Managers and Corporate Governance team work to extend this consistency from the operational risk register into the Corporate Risk Register.

To support and enable the Trust to respond effectively to Covid-19 risks at pace, an interim process was established in line with the Risk Management Strategy. A covid risk register and covid operational risk register were established with the amendment of Covid-19 related risks being managed through the Bronze, Silver and Gold Command response model. When appropriate risks were reviewed by the Trust Board and relevant committees.

The risk and control framework

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. The organisation's Risk Appetite Statement is published on the website and reviewed periodically while the various risk registers are considered in its context.

The Trust Board is responsible for the management of key risks. The key areas of those risks are managed through:

- Covid-19 Risk Register
- Corporate Risk Register
- Large Vaccination Centre Risk Register
- Board Assurance Framework
- Financial risk management
- Compliance with targets
- Single Oversight Framework
- Operational Delivery Plan
- Performance management reporting.

The Trust's approach to corporate governance is rooted within best practice and is regularly reviewed and assessed through internal processes. While the Strategy was collaboratively rewritten and published in March 2021 regular reports at every meeting of the Trust Board reflect developments, movement and mitigations of covid and business as usual risks and improvements to control arrangements. The Corporate Risk Register is reviewed and approved by the Trust Board as part of this process and in each public board meeting. A significant development during 2020-21 has been the oversight and management of risks being delegated to Deputy Directors, with accountability remaining with Executive Directors. Weekly deputy huddles, risk and control

management forming a key part of these discussions, have supported the evolution and development of the risk culture. This harmonisation process not only promotes collective as well as individual responsibility at the highest level but also promotes consistency in assessment.

Among the key high-scoring risks on the Corporate Risk Register during 2020-21 were:

1. Risks relating to the Trust and system response to Covid-19, such as the provision of personal protective equipment, the restoration of services and the Trust's lead provider role for the two Lincolnshire large vaccination centres based in Boston and Lincoln.
2. Risk to service sustainability and deliverability due to future changes to commissioning, with the potential to result in reduction in income or opportunity to invest, affecting financial viability of the Trust and its services.
3. Risk that the inadequate maintenance of the NHS Property Services-owned estate could result in a loss of service and/or damage to persons.
4. Risk that urgent and emergency care services across Lincolnshire could become overwhelmed due to periods of high activity, resulting in patient safety issues.
5. Risk that patients treated within LCHS services could deteriorate due to delays while awaiting ambulance transfer, resulting in patient harm.
6. Risk that the UK left the EU with either 'no deal' or a deal and the possible impact upon LCHS activity, with potential to result in significant disruption to services, supply, business delay and logistics. This was revised post securing an exit agreement.

Of the high-scoring risks from 2020-21 detailed above, three risks (numbers 3,4 and 6) were effectively managed to reduce the risk score and remain under review while the actions are underway to achieve the score which it is expected to be achieved due to these mitigations. The remaining risks continue to be managed and reviewed regularly.

Another ongoing high-profile risk is the pursuit by the HMRC of a historic claim in relation to the employment status of GPs providing out of hours services. This potentially adversely impacted on service delivery, as well as the financial and reputational standing of the Trust. A hearing that was due to take place in January 2020 but was placed on hold during the pandemic. The legal proceedings are now paused, as a stay of proceedings, until the judgement is given in a similar case in England.

To enable LCHS to respond effectively to the national emergency a separate risk register was developed from 1 April 2020. This addition supported the Trust to respond to Covid-19 risks at the pace in which they arose. By 8 April an interim process was established in line with the organisation's Risk Management Process with the amendment of risks being managed through the Bronze, Silver and Gold Command response model.

The Covid-19 risk registers were in operation in addition to the Trust Corporate Risk Register and the Corporate Services Operational Risk Register (CSORR). Business as usual processes for managing risk and escalation has been maintained throughout the Covid-19 response period. Risk reporting processes were amended and actioned as follows:

a. Covid-19 Risk Register:

- Weekly reporting of movement to the Trust Leadership Team
- Monthly reporting to the Quality and Risk Committee
- Monthly reporting to Board.

b. Covid-19 Quality and Clinical Advisory Cell Operational Risk Register (CQCACORR)

- Weekly reporting to the Trust Leadership Team.

c. Trust Corporate Risk Register:

- Weekly reporting to the Trust Leadership Team (19 May onwards)
- Monthly reporting to the Quality and Risk Committee
- Monthly reporting to Board.

d. Corporate Services Operational Risk Register (CSORR)

- Monthly to the Trust Leadership Team

e. Large vaccination centre risk register

- Monthly to the Quality and Risk Committee (from February 2021)

Both Covid-19 risk registers were closed on 14 July 2020 with the approval of Trust Board and in response to the significantly reduced Covid-19 related activity and risks at this time. Open risks were transferred to the Trust Corporate Risk Register and the CSORR for ongoing review, mitigation and management through business as usual processes.

Significant learning and coaching in relation to risk management has been realised during Covid-19 and key to the functioning of the ICC. Covid-19 risk management and the coaching provided identified gaps in knowledge across the Trust that have been continually mitigated as the response and year has progressed. Additional support to staff at all levels has been provided throughout 2020-21 to support identification, ownership of risk and appropriate escalation of risks and issues. It is planned that this will continue throughout 2021-22 as a further risk management training programme is piloted develop knowledge, competence and ownership of the risk process and increase the quality and responsiveness to risk reporting and mitigation activities.

There is a robust Board Assurance Framework in place which sets out the key controls and assurances on controls to safeguard against the key risks to the achievement of the strategic objectives. The Board Assurance Framework is aligned to the organisation's Operational Plan and is reviewed at every meeting of Trust Board and its assurance committees. In addition, there are formal risk management procedures in place with effective review and management procedures which incorporate both a controls assurance and a risk assessment.

The committees of the Trust Board – Quality and Risk Committee and Finance, Performance and Investment Committee – assess each and every business item against the Board Assurance Framework. This enables direct assessment against compliance on all fronts, including CQC requirements. The committees also review the corporate risk register monthly, immediately following their monthly review by Deputy Directors and prior to the committees' findings/recommendations progressing to Trust Board.

Separately, the People Executive Group (PEG), chaired by the Executive Director of People, has delegated responsibility for ensuring the Trust has developed and managed the short, medium and long-term workforce strategies and staffing systems to comply with the 'Developing Workforce Safeguards' recommendations. In addition, PEG has provided People Strategy progress reports, assurance reports and updates risks and work-plans to FPIC. All policies approved by this forum are able to be escalated

to Board for endorsement and/or challenge. Quality and Equality Impact Assessments are completed to assess substantive changes to workforce.

Sharing the learning through risk related issues, incidents, complaints and claims is an essential component to maintaining the risk management culture within the trust. Learning is shared through service line structures and trust-wide governance committees and groups as outlined in the Trust organisational structure such as the Quality and Risk Committee, Stakeholder, Engagement and Involvement Group, Infection Prevention and Control Group, Emergency Planning Group, Information Governance Management Assurance Group, Clinical Safety and Effectiveness Group, Safeguarding Group, Mortality Review Panel and the Health and Safety Committee.

Learning is acquired from a variety of sources which include:

- analysis of incidents, complaints, claims and acting on the findings of investigations
- quality impact assessments
- equality impact assessments
- external Inspections
- internal and external audit reports
- clinical audits
- outcome of investigations and inspections relating to other organisations.

Freedom to speak up

Our Freedom to Speak Up Guardian (FTSUG) plays a lead role in engagement and interaction with our staff.

This role supports the organisation in complying with the outcomes set up by the National Guardian Office and the outcomes include:

- A culture of speaking up being instilled throughout the organisation;
- Speaking up processes are effective and continuously improved;
- All staff have the capability to speak up effectively and managers have the capability to support those who are speaking up; and
- All staff are supported appropriately when they speak up or support other people who are speaking up;
- The Board is fully sighted on, and engaged in, all Freedom to Speak Up matters and issues that are raised by people who are speaking up; and
- Safety and quality are assured.

In October 2020 the National Guardian Office (NGO) published their index of the Guardians. This uses the national staff survey to benchmark the 'speak up' culture across the NHS and seeks to ensure that a culture of speaking up, listening and openness is the way our business is conducted on a day to day basis.

Lincolnshire Community Health Services has scored 85.5% in this index, an increase on last year's score 83.6%. This places LCHS high on the national list, with the highest scoring Trust scoring 86.6%. The national average is 79.2% and the highest performing Trust was 87.6%.

The Trust has reviewed how the highest rated Trusts deliver this work and this learning is being embedded in LCHS, as follows:

- The visibility of our leaders and executive team is seen as a priority;
- Back to floor visits from senior leaders and executives are increasing;
- An ethos of compassionate leadership is embedded;

- Staff have the opportunity for informal discussions with leaders;
- We have a robust induction programme which includes meeting an executive and hearing messages from the speak up guardian and staff side team; and
- We have an active staff side

During the pandemic technology was used to ensure that staff continued to have good access to support, and to ensure the guardian and other leaders were visible.

The National Guardians Office produced two e-learning modules Speak Up and Listen. These are now promoted across LCHS and are available to staff via the intranet.

In 2020-21 there was a total of 60 concerns raised with the Freedom to Speak Up Guardian compared to 29 for 2019-20, an increase of 206%.

The quarterly breakdown of concerns and movement across the year is shown here:

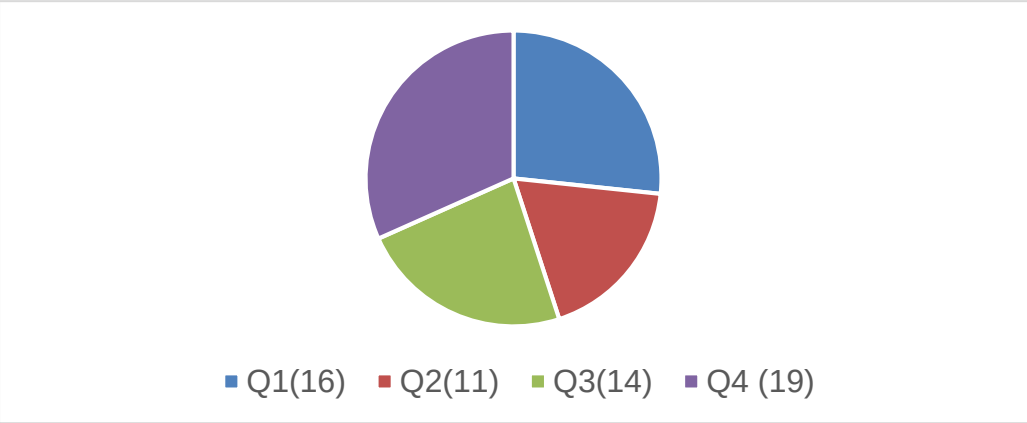
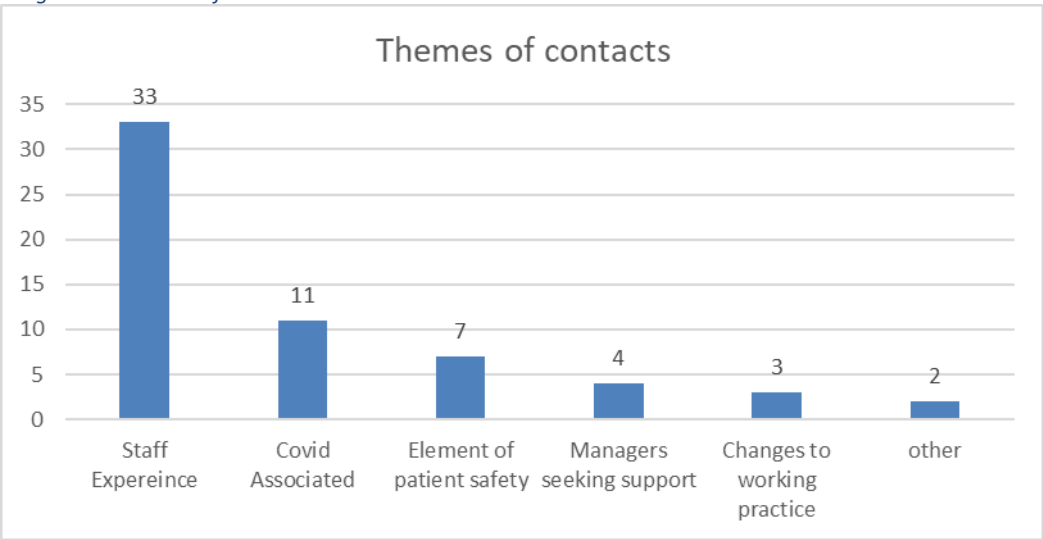


Figure 5- Quarterly breakdown of concerns

Figure 6 – Themes of contacts



Themes of concerns raised

The main reason for staff contacting the Guardian is from staff seeking an independent view of a situation they find themselves in. Often the support relates to helping them make decisions on next steps and actions on how to resolve a concern themselves. Staff experience in Figure 6 includes behaviours, bullying, relationships and working conditions/hours.

Note: Staff Experience includes behaviours, bullying, relationships and working conditions/hours.

Response and engagement from leaders and executives

The FTSUG is continuing to work with leaders at all levels to support investigations and address any concerns. Meetings with the Chair, Chief Executive, Executive Directors and Non-Executive Directors have taken place at regular intervals throughout 2020-21.

Speak up Champions

There are currently 5 champions in areas that have acknowledged lower levels of speaking out for fear of detriment. These being from the “Lived Experience” staff networks (2), preceptorship, apprenticeship & medics. All have undergone the NGO’s training

package and act to promote the speak up culture, identify any potential cases and signpost and be a supporter & listener to contacts. They do not have any access to the records kept by the FTSUG.

Proactive Role of the FTSUG

In line with the guidance from the National Guardian the role of the FTSUG is designed to have a more proactive role with the focus on early support and intervention to prevent escalation of issues and the ensuing negativity this can bring. This has been a working practice of the guardian within LCHS and many cases have only required pre-emptive minor actions and positive outcomes have been achieved.

Leadership support for Freedom to Speak Up Guardians

The strong commitment for the role and the support of the LCHS leaders is unchanged, in fact due attention to the response times required during the Covid 19 pandemic has expediated many cases to satisfactory conclusions. The FTSUG meets with all personnel and has solid links to staff side and safeguarding. The work of the FTSUG is also supported at Board level with a non-executive director giving regular oversight.

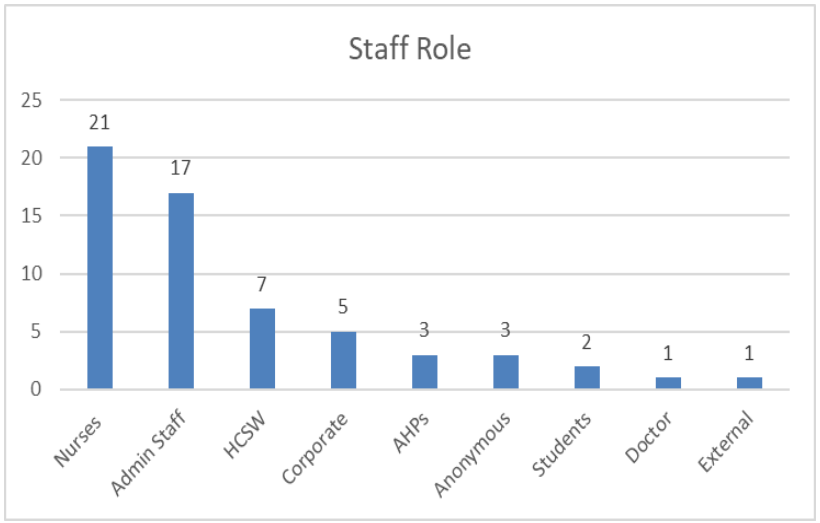
Annual Summary of Contacts

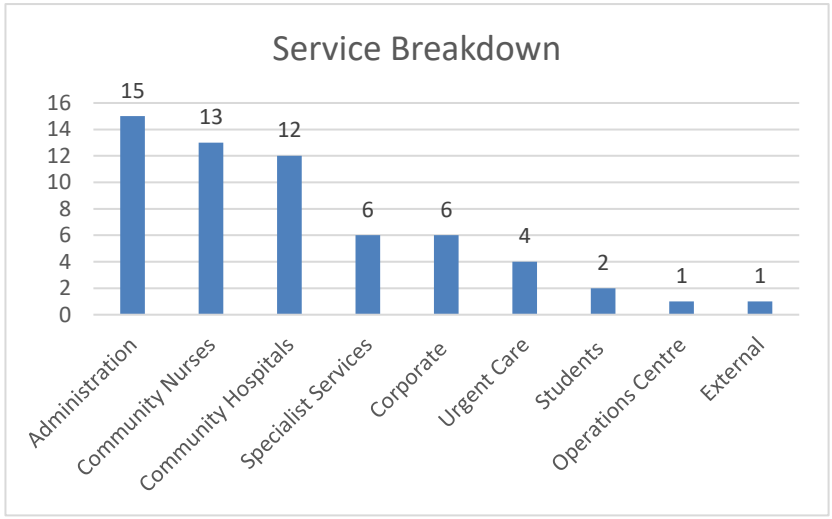
This year has seen the highest number of FTSUG contacts to the LCHS Speak up Guardian and this mirrors the national position from all guardians' information collated nationally up to Q3.

Year	Contacts
2017/18	6
2018/19	26
2019/20	29
2020/21	60

The NGO reported a national increase in the 2019/2020 period as 32% - data for 20/21 not yet available.

The following charts highlight the distribution of contacts by service and staff type. The ratios are as expected and there are no unexpected changes to highlight.


Staff Role
25
20
15
10
5
0
21
17
7
5
3
3
2
1
1
Nurses
Admin Staff
HCSW
Corporate
AHPs
Anonymous
Students
Doctor
External


Service Breakdown
16
14
12
10
8
6
4
2
0
15
13
12
6
6
4
2
1
1
Administration
Community Nurses
Community Hospitals
Specialist Services
Corporate
Urgent Care
Students
Operations Centre
External

The main reason for staff contacting the Guardian is to seek an independent view of a situation they find themselves in. Often the support relates to helping them make decisions on next steps and actions to resolve a concern themselves.

Summary of FTSUG Activity	Action/outcome/narrative
11 of the contacts were covid 19 related	These were around working from home practices, returning to the workplace, redeployment, checking advice received, storage of test results, and adherence to social distancing wearing of facemask. There was no common theme to the contacts and due to the fast pace of information dissemination nationally clarity and resolution achieved promptly.
The majority of cases involved behaviours/incivility. None of these cases resulted in formal proceedings.	Themes around this were predominantly around staff and their managers. There were many cases where active listening would have prevented the issues, and this was addressed with the managers. The reaction from managers to staff raising concerns required guidance and tactful intervention.
Patient safety cases	This is number is a relatively low percentage of cases 11% (7 cases) and this fits with the staff survey results in the Q16b"staff feel secure raising concerns about unsafe clinical practice" analysis this is done via the datix route and dealt with as routine and not requiring speak up support. All were early identification and no detriment occurred.
Staff experience of working long hours, long chronic fatigue associated with staffing shortages.	One whole team made contact regarding staff shortages and having to adapt working styles to accommodate other service changes due to covid. This was escalated internally, the staff needed support to find some solutions to put to senior decision makers regarding their future practices, engendering a feeling of control and being listened to. Rationale is sought for staff which enables better understanding and required highlighting for good communication to thrive.
Annual contacts highest number	The contacts are increasing year on year and most are advised to contact FTSUG by "word of mouth," colleagues who have had a positive experience of speaking up and had resolution. Increased numbers of speaking up are attributed to a more open culture.
Feedback	All contacts receive feedback on their issue and are sent a questionnaire regarding their satisfaction. A small number do not respond due to having left the organisation or the contact was received anonymously.

	Q3/4 feedback forms returned so far (10) have been data checked and all said they would speak up again.
Detriment	During the period of the report 1 respondent reported detriment as a result of speaking up. If this occurs, then immediate follow up is carried out with the Heads of Clinical Services or equivalent.

System working and partnerships

Fulfilling the wider objectives of the Trust requires effective partnership working in addition to the internal governance and control framework. As the Chief Executive, I am accountable to the Trust Board, the Chair and NHS Improvement. I am also accountable, along with the Trust Board, to the Secretary of State via NHS Improvement.

I ensure that the Trust works effectively in partnership across the wider health community in Lincolnshire. Key partnerships include:

- NHS Lincolnshire Clinical Commissioning Group and adjoining counties
- Health commissioners
- Health Scrutiny Committee
- Joint Staff Consultation and Negotiation Committee
- Lincolnshire County Council
- Lincolnshire Healthwatch
- NHS England and NHS Improvement (NHSEI)
- NHS Providers
- Sustainability and Transformation Partnership (STP) System Executive Team (SET)
- STP Executive group
- Executive STP groups (including Finance Bridge Group)
- System Winter Team

- Groups to monitor impact and preparedness for Brexit.

The Trust is fully compliant with the registration requirements of the Care Quality Commission.

Lincolnshire Community Health Services NHS Trust has taken all precautions, actions and Trust-wide reviews to comply with the NHS Provider licence and confirms compliance with conditions G6 (2), G6(3) and current and future compliance with FT4(8).

The trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the Trust with reference to the guidance) within the past twelve months, as required by the 'Managing Conflicts of Interest in the NHS' guidance.

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations. Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

The Trust has undertaken risk assessments and has a sustainable development management plan in place which takes account of UK Climate Projections 2018 (UKCP18). The Trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

Review of economy, efficiency and effectiveness of the use of resources

Information Governance

There were no Serious Incidents Requiring Investigation (SIRI) relating to Information Governance reported to the Information Commissioner's Office (ICO) during 2020-21.

The Information Governance Management Assurance Group (IGMAG) oversees all Information Governance (IG) and Data Protection (DP) issues and reports to the Finance, Performance and Investment Committee (FPIC) whilst also providing assurance to the Trust Board to ensure that statutory and regulatory requirements are met.

The IGMAG is chaired by the Senior Information Risk Owner (SIRO), who is the Director of People and Innovation and whom is responsible for overseeing the development and implementation of the Trust's Information Risk Management Strategy.

Staff are encouraged to report Information Governance incidents and seek further advice and guidance regarding any additional actions that may need to be taken and implemented.

IG training follows the Core Skills Training Framework (CSTF) and is an annual mandatory requirement for all staff, new starters, including temporary and bank. Staff are governed by a code of confidentiality for any data they have access to which is strictly access controlled to authorised users through National Policy and Role Based Access Control (RBAC).

Each IT system; whether corporate or clinical, has a designated Information Asset Owner (IAO) with defined responsibilities, including risk management responsibility for identifying IG risks. These are supported by Information Asset Administrators (IAA) who provide support at a local level.

The submission for the Data Security and Protection Toolkit (DSPT) was published 1st May 2020 with all standards met and gained 'Significant Assurance' from the Auditors.

The Trust is fully compliant with the National Data Opt-Out which is a service that allows patients to opt out of their confidential information being used for research and planning.

Data quality and governance

The Performance and Information team conduct regular data quality checks on datasets and reports. They are also involved with national NHS Benchmarking work which enables the Trust to benchmark its own data with that of other Trusts to enable comparators and scope for improvement. The team works closely with the Digital Health team to enable front-end changes to correlate into meaningful data and analysis.

A Data Quality Group provides the Trust with assurance that the Trust's data and information, provided both internally and externally, is being carefully monitored and that improvements are being identified and implemented where necessary. It also enables the Trust to demonstrate its commitment to encouraging a culture of continuous improvement and accountability. The Finance, Performance and Investment Committee has oversight for the Data Quality Group and receives a report from them every 6-8 weeks on data quality assurance.

The report then goes to the Trust Leadership Team and Trust Board meetings.

The Quality and Risk Committee considers a wealth of other relevant information through the year including quarterly updates on safeguarding, Quality Impact Assessment post implementation reviews, Lessons Learned reports and National Quality Board data.

Quality and Risk Committee includes attendance of Quality Assurance Managers and a culture of health two-way challenge ensures the validity of data and the scrutiny of reporting. Internal Audit undertook a review of the Quality Account during the year and provided some recommendations, all of which were enacted and reported to the Quality and Risk Committee and monitored by the Audit Committee.

Board and Trust Leadership

The Trust Board at the close of the 2020-21 year comprised the Chair (Elaine Baylis QPM), four Non-Executive Directors (Alan Kent, Liz Libiszewski, Kevin Lockyer and Gail Shadlock), the Chief Executive (Maz Fosh) and four Executive Directors (Ceri Lennon, Tracy Pilcher, Yvonne Owen, Sam Wilde). As a result of difficulty recruiting during COVID the Trust maintained one Non-Executive Director vacancy. There were no in-year changes to the Trust Board membership.

The Trust needed to be able to release as much capacity as possible to support the Trust and system response to the Covid-19 emergency whilst retaining an appropriate level of control. NHS England and Improvement published guidance on 28 March 2020 regarding reducing burden and releasing capacity. To support the reduced agenda and governance structure LCHS' Trust Board received the following written updates:

1. Covid-19 Response including a Chief Executive's Overview Summary detailing any key decisions taken for retrospective approval.
2. Quality and Risk Covid-19 Report
3. Finance, Performance and Investment Covid-19 Report
4. Covid-19 Risk Register and the Trust Corporate Risk Register

The NHS England and NHS Improvement guidance stated that quality committees should continue, however, other committees should be streamlined and meetings suspended until later in the year. Quality and Risk Committee continued to meet, however, both Finance, Performance and Investment Committee and Audit committee were suspended for the wave 1 Covid-19 response period, until 31st July 2020.

Quality and Risk Committee (Q&RC)

Q&RC continued to meet (virtually) on a monthly basis. All meetings aimed to be concise and last no longer than 60 minutes. A streamlined agenda was delivered with the majority of content captured through the overarching report from the Director of Nursing, AHP's and Operations covering the following 5 items

1. Safeguarding;
2. Patient Safety (including Serious Incidents and Risk);
3. Infection Prevention and Control;
4. Mortality;
5. Covid-19 response, and
6. Mass Vaccination Service Report to LCHS (from January 2021 as Lead Provider and under LCHS CQC registration).

Finance, Performance and Investment Committee (FPIC)

The committee was suspended until the 31st July 2020. During this time the following items only from the FPIC forward planner were reported directly to Board through either verbal updates or as elements within the Finance, Performance and Investment Covid-19 written report:

1. Health & Safety Updates – Verbal updates provided, predominantly focused on Covid-19 related health & safety issues
2. Finance Report – A monthly written Finance report was maintained, although the scope was reduced to only include an analysis of Income and Expenditure and Cash-flow performance versus a Trust level forecast. In addition, the first Finance report also incorporated an update on contracting arrangements during the Covid-19 emergency for information.
3. Integrated Performance Report – The Board continued to receive a reduced version of the Integrated Performance Report. This contained the scorecard and a short narrative on key adverse variances that were unanticipated. Performance Management Review (PMR) meetings were also stood down for this period. The Trust will fully restore its performance reporting process through the first six months of 2021/22.

Trust Leadership Team

The Trust Leadership Team continued to meet weekly on a socially distanced/virtual basis. The meeting was extended to include all Head of Service colleagues to ensure leaders were supportive to coordination and response efforts.

Duration of Emergency Arrangements

The emergency governance arrangements were in place from March 2020, with retrospective Board approval on 14 April 2020 and remained in place until 31st July 2020, in line with national guidance. Movement into phase 3, Recovery, in August 2020 meant Audit and FPIC committees met during August to review and provide position reports to 8 September Board in preparation for re-commencing meetings in September 2020. Through the remainder of 2020-21 Committees continued to meet to ensure that services continued to be supported. The Remuneration and Terms of Service Committee met as required.

Trust Board members, deputy directors and heads of service all reviewed and rated how LCHS stands in relation to CQC Well-Led criteria between June and September of 2020, through Board development sessions and deputies and heads of service sessions. The review and internal assessment outcomes revealed strong internal risk, control and assessment processes in place as well as effective leadership and communication mechanisms. Areas for development related to engaging patients, the public and community members in organisational business. New practice implemented as a result of the review included increased engagement activity throughout the Trust's continued response to covid-19 along with developments to the patients friends and family questions, this service being rolled out through text messaging and the process to recruit a volunteering services manager. Work has also taken place to enhance and capture patient experience and sharing through the existing Patient Story initiative at Board meetings along with Staff Stories and consideration of Board's dual role of having oversight and providing stewardship.

Audit Committee

The Audit Committee meets quarterly, although this was stepped down through wave 1 of the pandemic and has a key role in providing assurance to the Trust Board on the control mechanisms that are in place across the Trust. The Audit Committee reviews the adequacy of all risk and control related disclosure statements together with any accompanying head of internal audit statement prior to endorsement by the Trust Board. The committee receives regular update reports from, among others, the Director of Finance and Business Intelligence, the Deputy Director of Corporate Governance and both internal and external audit.

In addition to a number of issues being reviewed on a continuous basis the Audit Committee gave further consideration during 2020-21 to risk management. This involved maturing the risk, controls and governance arrangements in the Trust and system for covid-19 response and restoration. Support provided by LCHS to the system to develop and roll out two large mass vaccination centres, the Trust taking responsibility of the Lead Provider and CQC registration status for the two sites. A significant piece of work

has been the development of the previous Trust Risk Appetite Statement, alignment of this to the Board Assurance Framework and strategic aims and objectives.

The committee continues to develop and enhance mechanisms to gain assurance on all areas that come within its terms of reference, which were also reviewed and amended during 2020-21. It approves a programme of work by internal audit (Grant Thornton LLP), external audit (KPMG LLP) and counter fraud (PWC to 31/08/20, Counter Fraud Plus Collaborative from 01/09/20), based on a risk analysis with a number of new and more in-depth clinical assurance mechanisms being introduced, to allow it to provide the necessary assurance to the Trust Board on an on-going basis.

Names of directors forming an audit committee

- Alan Kent – chair
- Kevin Lockyer – non-executive director
- Gail Shadlock – non-executive director
- Sam Wilde – director of finance and business intelligence

Also in attendance:

- Deputy Director of Finance and Business Intelligence
- Deputy Director of Corporate Governance
- Client manager (internal audit);
- Director (external audit);
- Senior manager (counter fraud)

Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Trust who have responsibility for the development and maintenance of the internal

control framework. I have drawn on the information provided in this annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and the Quality and Risk Committee, as well as sub committees and others within the group structure, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

My review is informed in a number of ways. The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Board Assurance Framework and on the controls reviewed as part of the internal audit work. Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The Board Assurance Framework itself provides me with evidence of the effectiveness of controls that manage risks to the organisation.

My review was also informed by:

- delivery of audit plans by external and internal auditors
- unconditional registration with the Care Quality Commission

The Head of Internal Audit is required to provide an annual opinion on the systems and processes of internal control employed in the Trust. The Head of Internal Audit Opinion provided a rating of “significant assurance with some improvement required”.

During the year the Trust has made real and sustainable improvements to its governance arrangements. It has embedded further structure and guidance in relation to the management of risk and clinical audit. Following on from wider structural changes, further improvements to re-align and enhance its governance arrangements were undertaken. Following wave 1 of the Covid-19 response the Trust revised its organisational governance structure to ensure that infection prevention and control, safeguarding and quality impact assessment panel groups report directly into the Quality and Risk Committee. In additional Equality, Diversity and Inclusion group and the Information Governance Management Assurance Group were realigned to report into FPIC.

In conclusion, I am assured that no significant control issues existed within Lincolnshire Community Health Services NHS Trust during the 2020-21 year.

Maz Fosh, Chief Executive

Lincolnshire Community Health Services NHS Trust

Signature: 

Date: 8th June 2021

Remuneration and Staff Report

Board members and senior management remuneration (subject to audit)

Salaries and allowances for the year ending 31 March 2021 (subject to audit)

Name and Title	Period of Office	20/21 Salary	Expense Payments Taxable	Performance pay and bonuses	Long term performance pay and bonuses	20/21 Pension Benefits[1]	Pension Restructuring Payments[2]	20/21 Total
		(Bands of 5k) *£000s*	*(Nearest hundred)* *£00s*	*(Bands of 5k)* *£000s*	*(Bands of 5k)* *£000s*	*(Bands of 2.5k)* *£000s*	*(Bands of 2.5k)* *£000s*	*(Bands of 5k)* *£000s*
Mrs ME Fosh, Acting Chief Executive	Full Year	150-155	159	5-10	0	57.5-60	0	230-235
Mr S Wilde, Director of Finance and Business Intelligence	Full Year	120-125	0	0	0	52.5-55	0	190-195
Mrs C Lennon, Director of People and Innovation	Full Year	110-115	32	0	0	25-27.5	0	140-145
Ms T Pilcher, Director of Nursing, Operations and Allied Health Professionals	Full Year	125-130	101	0-5	0	52.5-55	2.5-5	195-200
Dr Y Owen, Medical Director	Full Year	55-60	0	0	0	0	0	55-60
Mrs E Baylis QPM, Chair	Full Year	30-35	2	0	0	0	0	30-35

Mr M Macdonald, Non-Executive Director	To 31/3/2020[3]	0	3	0	0	0	0	0-5
Mr K Lockyer, Non-Executive Director	Full Year	10-15	1	0	0	0	0	10-15
Mr A Kent, Non-Executive Director	Full Year	10-15	0	0	0	0	0	10-15
Mrs G Shadlock, Non-Executive Director	Full Year	10-15	1	0	0	0	0	10-15
Mrs E Libiszewski, Non-Executive Director	Full Year	10-15	0	0	0	0	0	10-15
Mr AJ Morgan, Chief Executive[4]		-	-	-	-	-	-	-

1. Pensions related benefits are based on the NHS Manual of Accounts methodology and the pension data is provided by the Pensions Agency. The benefits calculated incorporate 20 times the annual real increase in pension and do not represent actual payments made. Non-Executive Board members do not receive pensions as part of their remuneration.
2. Pension Restructuring Payments column added as: Employers have the option of using any unused employer contributions to make an additional pay offer to individuals that opt out of the NHS Pension Scheme. The overall net cost to the organisation remains the same whether the employee remains in the NHS Pension Scheme or takes the employer contributions as additional salary.
3. Expense figure is arrears from 19/20
4. Since July 2019 Mr Morgan has been on secondment at United Lincolnshire Hospitals Trust (ULHT). Details on his remunerations can be found in their annual report.

Salaries and allowances for the year ending 31 March 2020 (subject to audit)

Name and Title	Period of Office	19/20 Salary	Expense Payments Taxable	Performance pay and bonuses	Long term performance pay and bonuses	19/20 Pension Benefits[1]	19/20 Total
		(Bands of 5k) *£000s*	*(Nearest hundred)* *£00s*	*(Bands of 5k)* *£000s*	*(Bands of 5k)* *£000s*	*(Bands of 2.5k)* *£000s*	*(Bands of 5k)* *£000s*
Mr AJ Morgan, Chief Executive	To 30/06/2019[2]	35 - 40	28	0	0	7.5 - 10	45 - 50
Mr S Wilde, Director of Finance & Business Intelligence	Full Year	105 - 110	131	0	0	32.5 - 35	155 - 160
Ms T Pilcher, Director of Nursing, Operations and AHPs.	Commenced 29/04/2019	100 - 105	44	0	0	127.5 - 130	235 - 240
Mrs S Ombler, Acting Director of Nursing, Operations and AHPs	To 29/04/2019	5 - 10	8	0	0	0	5 - 10
Mrs ME Fosh, Director of People and Innovation to 30/06/19. Acting Chief Executive from 01/07/19.	Full Year	135 - 140	127	0	0	77.5 - 80	230 - 235
Mrs C Lennon, Acting Director of People and Innovation	Commenced 01/07/2019	75 - 80	7	0	0	25 - 27.5	100 - 105
Dr Y Owen, Medical Director[3]	Full Year	55 - 60	0	0	0	0	55 - 60
Mrs E Baylis QPM, Chair	Full Year	30 - 35	7	0	0		30 - 35
Mr M Macdonald, Non-Executive Director	Full Year	5 - 10	10	0	0		5 - 10
Mrs E Libiszewski, Non-Executive Director	Full Year	5 - 10	6	0	0		5 - 10
Mr K Lockyer, Non-Executive Director	Full Year	5 - 10	5	0	0		5 - 10

Mr A Kent, Non-Executive Director	Full Year	5 - 10	29	0	0	10 - 15
Mrs G Shadlock, Non-Executive Director	Commenced 10/06/2019	5 - 10	4	0	0	5 - 10

1. Pensions related benefits are based on the NHS Manual of Accounts methodology and the pension data is provided by the Pensions Agency. The benefits calculated incorporate 20 times the annual real increase in pension and do not represent actual payments made. Non-Executive Board members do not receive pensions as part of their remuneration.
2. Mr AJ Morgan joined United Lincolnshire Hospitals NHS Trust as Chief Executive on secondment from 01/07/2019. Salary shown in this report relates to April - June 2019.
3. Dr Y Owen also provided Out of Hours practitioner services to the Trust as an independent contractor to 31st May 2019, disclosure of the value of these payments can be found in the related parties disclosure of the Trust Annual Accounts 2019/20.

Pension benefits for the year ending 31 March 2021 (subject to audit)

Name and Title	Real increase in pension at pension age (bands of £2,500) £'000	Real increase in pension lump sum at pension age (bands of £2,500) £'000	Total accrued pension at pension age at 31 March 2021 (bands of £5,000) £'000	Lump sum at pension age related to accrued pension at 31 March 2021 (bands of £5,000) £'000	Cash Equivalent Transfer Value at 31 March 2021 £'000	Cash Equivalent Transfer Value at 31 March 2020 £'000	Real Increase in Cash Equivalent Transfer Value £'000	Employer's contribution to stakeholder pension £'000
Mrs C Lennon, Director of People and Innovation	0-2.5	0	5-10	0	49	75	11	0
Mrs ME Fosh, Acting Chief Executive	2.5-5	0	25-30	0	284	343	32	0
Ms T Pilcher, Director of Nursing, Operations and AHPs	2.5-5	7.5-10	50-55	155-160	857	1110	229	0
Mr S Wilde, Director of Finance & Business Intelligence	2.5-5	0	20-25	0	212	262	30	0
Dr Y Owen, Medical Director[1]	-	-	-	-	-	-	-	-
Mr AJ Morgan, Chief Executive[2]	-	-	-	-	-	-	-	-

1. Dr Owen is not a member of the NHS Pension Scheme in relation to employment with LCHS
2. Since July 2019 Mr Morgan has been on secondment at United Lincolnshire Hospitals Trust (ULHT). Details on his remunerations can be found in their annual report.

Pension benefits for the year ending 31 March 2020 (subject to audit)

Name and Title	Real increase in pension at pension age (bands of £2,500) £'000	Real increase in pension lump sum at pension age (bands of £2,500) £'000	Total accrued pension at pension age at 31 March 2020 (bands of £5,000) £'000	Lump sum at pension age related to accrued pension at 31 March 2020 (bands of £5,000) £'000	Cash Equivalent Transfer Value at 31 March 2020 £'000	Cash Equivalent Transfer Value at 31 March 2019 £'000	Real Increase in Cash Equivalent Transfer Value £'000	Employer's contribution to stakeholder pension £'000
Mrs C Lennon, Acting Director of People and Innovation	0 - 2.5	0	0 - 5	0	49	27	6	0
Mrs ME Fosh, Acting Chief Executive	2.5 - 5	0	20 - 25	0	284	215	45	0
Mr AJ Morgan, Chief Executive	0 - 2.5	0 - 2.5	70 - 75	210 - 215	1662	1570	8	0
Ms T Pilcher, Director of Nursing, Operations and AHPs	5 - 7.5	15 - 17.5	45 - 50	140 - 145	857	840	0	0
Mrs S Ombler, Acting Director of Nursing, Operations and AHPs	0	0	20 - 25	50 - 55	454	446	0	0
Mr S Wilde, Director of Finance and Business Intelligence	0 - 2.5	0	15 - 20	0	212	211	0	0
Dr Y Owen, Medical Director[1]	-	-	-	-	-	-	-	-

1. Dr Owen is not a member of the NHS Pension Scheme in relation to employment with LCHS

NHS Pensions Data

NHS Pensions are using pension and lump sum data from their systems without any adjustment for a potential future legal remedy required as a result of the McCloud judgement. (This is a legal case concerning age discrimination over the manner in which UK public service pension schemes introduced a CARE benefit design in 2015 for all but the oldest members who retained a Final Salary design.). We believe this approach is appropriate given that there is still considerable uncertainty on how the affected benefits within the new NHS 2015 Scheme would be adjusted in future once legal proceedings are completed.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme.

They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or

arrangement) and uses common market valuation factors for the start and end of the period.

Relationship between the remuneration report and exit packages, severance payments and off-payroll engagements disclosures

In respect of the relationship between individuals in the remuneration report and links to exit packages, severance payments and off payroll engagement disclosures, the following information is applicable:

- Exit packages – no relationship
- Severance payments – no relationship
- Off Payroll Engagements – Dr Y. Owen has previously provided Out of Hours practitioner services to the Trust as an independent contractor until 31 May 2019. The value of this can found in the related parties' disclosure of the Trust Annual Accounts 2019/20.

Remuneration policy for directors and senior managers

LCHS has a Remuneration Committee. The purpose of the committee is to agree appropriate remuneration and terms of service for the chief executive, executive directors and other directors including all aspects of salary, provisions for other benefits, arrangements for termination of employment and other contractual terms working to NHS Improvement.

Compensation on early retirement or for loss of office

The Trust has not made any compensatory payments on early retirement for loss of office in 2020-21.

Payments to past directors

The Trust has not made any payments to past directors in 2020-21 (2019/20: also nil).

Fair pay disclosure (subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in Lincolnshire Community Health Services NHS Trust in the financial year 2020-21 was £155-160k (2019/20: £150-155k). This was 5.20 (2019/20: 5.01) times the median remuneration of the workforce, which was £30,681 (2019/20: £30,615).

In 2020-21 and 2019/20 no employees received remuneration in excess of the highest-paid director.

Remuneration ranged from £11,500 to £159,575 (2019/20: £16,366 to £153,440)

	2020-21	2019-20
Highest paid director's remuneration £'000	155-160	150-155
Median total £	£30,681	£30,615
Ratio	**5.20**	**5.01**

Total remuneration above includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Sharing of senior members of staff

Since 1 July 2019, LCHS's substantive chief executive, Andrew Morgan, has been on secondment to United Lincolnshire Hospitals NHS Trust (ULHT). This is not strictly a sharing arrangement as ULHT is remunerating his salary back to LCHS. Andrew Morgan's substantive role is being performed by Maz Fosh. This arrangement is currently due to be in place until 31 March 2022.

Exit Packages (subject to audit)

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
	Number	**Number**	**Number**
Exit package cost band (including any special payment element)			
<£10,000	-	3	**3**
£10,000 - £25,000	-	-	-
£25,001 - £50,000	-	-	-
£50,001 - £100,000	-	-	-
£100,001 - £150,000	-	-	-
£150,001 - £200,000	-	-	-
>£200,000	-	-	-
Total number of exit packages by type	-	**3**	**3**
Total cost (£)	£0	£5,000	**£5,000**

Off-payroll engagements (subject to audit)

Off-payroll engagements as of 31 March 2020, for staff earnings more than £245 per day and that last longer than six months: In respect of off-payroll engagements, the Trust utilises independent medical contractors, generally General Practitioners in the delivery of its Out of Hours and Urgent Care Services.

	Number
Number of existing arrangements as of 31 March 2021	58
Of which, the number that have existed:	
For less than 1 year at the time of reporting	4
For between 1 and 2 years at the time of reporting	12
For between 2 and 3 years at the time of reporting	5
For between 3 and 4 years at the time of reporting	4
For 4 or more years at the time of reporting	33

Number of off-payroll engagements of board members, and/or senior offices with significant financial responsibility, during the financial year	0
Total number of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure includes both off and on-payroll arrangements.	10

No. of new engagements, or those that reached 6 months in duration, between 1st April 2020 and 31 March 2021	4
Of which….	
No. of assessed as caught by IR35	0
No. of assessed as not caught by IR35	4
No. engaged directly (via PSC contracted directly to the Trust) and are on the Trust payroll	0
No. of engagements reassessed for consistency / assurance purposes during the year	0
No. of engagements that saw a change to IR35 status following the consistency review	0
Number of off-payroll engagements of board members, and/or senior offices with significant financial responsibility, during the financial year	0
Total number of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure includes both off and on-payroll arrangements.	10

Staff Report

The following table highlights the numbers of staff by banding (headcount). It should be noted that this equates to 1659 full time equivalent staff, as shown in the table on the next page.

Table 1 - Staff by Banding

Seniority	Total Headcount
Executive Director	**7**
Senior Medical Manager	2
VSM	5
Senior Manager	**127**
Band 8 - Range A	81
Band 8 - Range B	29
Band 8 - Range C	8
Band 8 - Range D	4
Band 9	1
Med & Dental Consultant	4
Other	**1881**
Band 1	17
Band 2	334
Band 3	315
Band 4	111
Band 5	362
Band 6	371
Band 7	281
Med & Dental Non-Consultant Career Grade	33
Other (Non AfC Paybands)	57
Grand Total	**2015**

Staff numbers and costs

Average number of employees (WTE basis)

			2020/21		2019/20
	Permanent	Other	Total		Total
	Number	Number	Number		Number
Medical and dental	22	16	**38**		51
Ambulance staff	-	-	**-**		-
Administration and estates	365	5	**370**		342
Healthcare assistants and other support staff	248	-	**248**		309
Nursing, midwifery and health visiting staff	714	16	**730**		652
Nursing, midwifery and health visiting learners	-	-	**-**		-
Scientific, therapeutic and technical staff	273	-	**273**		270
Healthcare science staff	-	-	**-**		-
Social care staff	-	-	**-**		-
Other	-	-	**-**		-
Total average numbers	**1,622**	**37**	**1,659**		**1,624**
Of which:					
Number of employees (WTE) engaged on capital projects	-	-	**-**		-

Table 3 - Average number of employees

Staff costs

			2020/21		2019/20
	Permanent	Other	Total		Total
	£000	£000	£000		£000
Salaries and wages	57,084	-	**57,084**		49,479
Social security costs	5,514	-	**5,514**		4,707
Apprenticeship levy	267	-	**267**		236
Employer's contributions to NHS pension scheme	10,352	-	**10,352**		9,221
Pension cost - other	50	-	**50**		37
Other post employment benefits	-	-	**-**		-
Other employment benefits	-	-	**-**		-
Termination benefits	-	-	**-**		-
Temporary staff	-	2,756	**2,756**		5,659
Total gross staff costs	**73,267**	**2,756**	**76,023**		**69,339**
Recoveries in respect of seconded staff	-	-	**-**		-
Total staff costs	**73,267**	**2,756**	**76,023**		**69,339**
Of which					
Costs capitalised as part of assets	-	-	**-**		-

Table 2 - Staff costs

Staff Group	Headcount	Percentage
Add Prof Scientific and Technic	3	0.15%
Additional Clinical Services	501	24.86%
Administrative and Clerical	440	21.84%
Allied Health Professionals	236	11.71%
Estates and Ancillary	18	0.89%
Healthcare Scientists	4	0.20%
Medical and Dental	39	1.94%
Nursing and Midwifery Registered	764	37.92%
Students	10	0.50%
Grand Total	2015	100.00%

Table 4 - LCHS staff composition by type (headcount basis)

NHS Staff Survey results

The results from the national NHS Staff Survey are gauged against the other 15 community trusts and where applicable, results from previous years.

The survey response rate was 63%. Whilst this is a decrease of 8% from 2019, it is still the second highest response rate in LCHS history and is 5% higher than the average national response rate for Community Trusts.

The overall Staff Engagement Score was 7.5 (out of 10) which is an increase from 7.3 in 2019 and compares as 'best in class' against the national benchmarking group for Community Trusts.

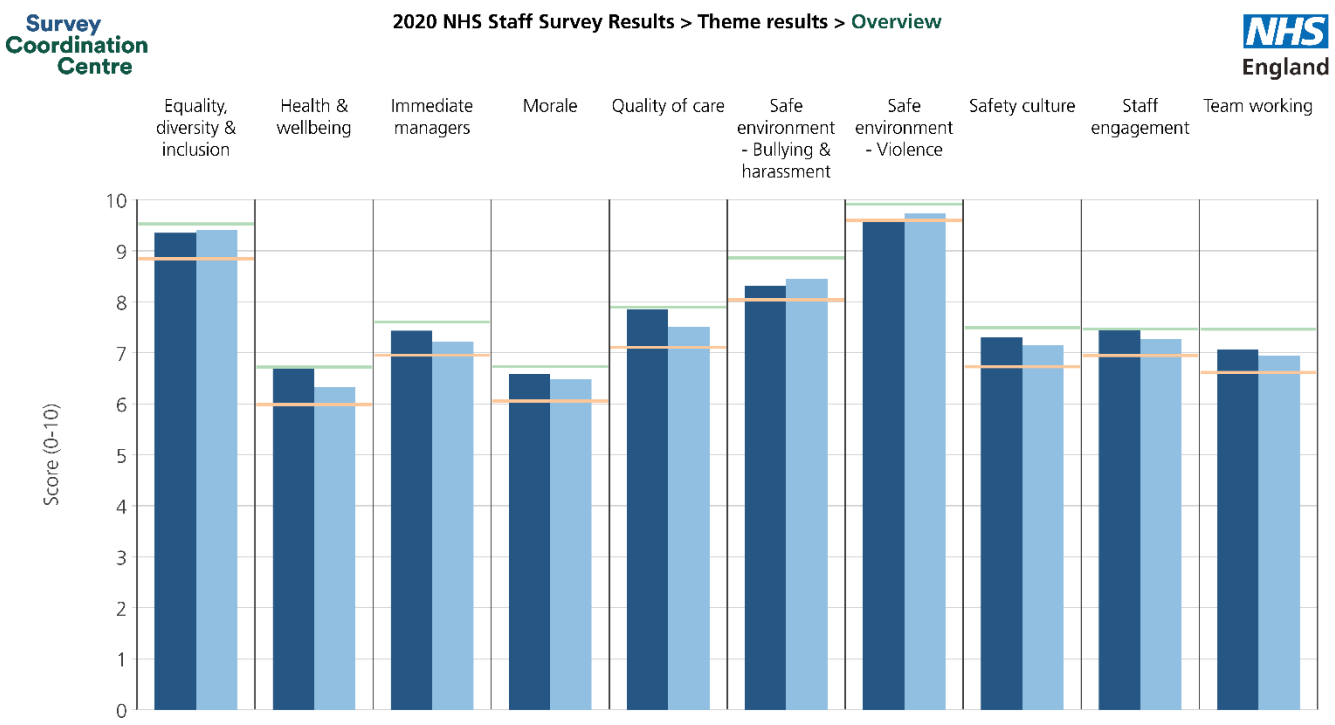
Of the 10 themes, from 2019 we improved in seven, stayed the same in one and declined in two.

In comparison to our benchmarking group, we were above the average in seven themes, below the average in three themes and 'best in class' in three themes.

Service Line	Response Rate (%)
CHIEF EXECUTIVE	93.8
COMMUNITY HOSPITALS	53.2
COMMUNITY NURSING	44.4
DIR OF OPERATIONS	84.8
FINANCE & BUSINESS INTELLIGENCE	93.2
OPERATIONS MANAGEMENT	73.8
PEOPLE AND INNOVATION	87.6
SPECIALIST SERVICES	72.7
THERAPY SERVICES	72.8
TRANSITIONAL CARE & FLOW	74.6
URGENT CARE	49.5

Table 5 - Breakdown of total response rate by directorate/service line

Figure 7 - LCHS staff survey theme results



	Equality, diversity & inclusion	Health & wellbeing	Immediate managers	Morale	Quality of care	Safe environment - Bullying & harassment	Safe environment - Violence	Safety culture	Staff engagement	Team working
Best	9.5	6.7	7.6	6.7	7.9	8.9	9.9	7.5	7.5	7.5
Your org	9.3	6.7	7.4	6.6	7.9	8.3	9.6	7.3	7.5	7.1
Average	9.4	6.3	7.2	6.5	7.5	8.5	9.7	7.1	7.3	6.9
Worst	8.8	6.0	7.0	6.1	7.1	8.0	9.6	6.7	6.9	6.6
Responses	1,120	1,121	1,123	1,115	998	1,077	1,121	1,119	1,129	1,124

Health and safety at work

The accident figures for 2020-21 were lower than in a normal operating year. This reflects the increase in home working and the use of telephone and online video for consultations and meetings as part of the Trust's response to the Covid-19 pandemic.

There were 91 staff accidents in the year as opposed to 117 last year. This downward trend is welcomed.

The types of injury are consistent with previous years and included:

- slips trips and falls
- needlestick (a needlestick injury is the penetration of the skin by a needle or sharp object) and musculoskeletal (mainly sprains and strains and soft tissue damage).

The majority resulted in no or low harm.

There were 99 patient injuries reported that were almost all no or low harm. This was down on the 116 of last year. The majority of incidents were slips, trips and falls and work continues to assess patients and implement control measures as they come into LCHS's care. The statistics indicate that staff performed extremely well under very difficult circumstances

The health and safety input this year was focused on safeguarding staff and patients from Covid-19 whilst responding to, and providing services throughout, the pandemic.

Extensive risk assessments were conducted, regularly reviewed and control measures monitored.

These included:

- additional Covid-19 specific beds and associated equipment, medical devices and oxygen provision to them and fire risk assessment for changed use.
- Personal Protective Equipment (PPE) related risks including its use, the logistics of cross County distribution and national levels of supply.
- staffing levels, to meet service demand and respond to possible effects of the disease on staff
- support capability in both engineering/facilities maintenance and site support services including portering and housekeeping

- medical devices, supply, maintenance, monitoring and use
- ventilation requirements and potential for heat stress on wards and patient areas considering the effects of wearing PPE.

A risk assessment for premises was devised by the Trust to ensure appropriate steps were taken to create Covid-19 secure premises wherever possible. Physical measures were introduced including reception screens, maximising ventilation, one-way systems and floor markings and signage and procedures to manage the infection risk. On wards and in hospitals the national infection prevention and control guidance was followed.

At the start of the year, when there was a national shortage in PPE, alternative supplies were sought, and quality standards developed. All PPE received was assessed against the standards before acceptance and distribution.

A stock control system and distribution network were established to ensure PPE was available to all staff.

An emergency protocol was devised using alternative reusable PPE in case national supplies ran out. This situation did not arise as the LCHS system proved to be effective and there were no incidents reported of staff not having the required PPE.

A system was implemented to assess the risks of Covid-19 to all staff. This included enhanced assessments for the vulnerable.

A range of online health and safety advice and resources for staff were developed online, including for support groups. Take up of the resources and events has been very positive, especially for those who have been vulnerable and shielding/isolating.

The Trust was extensively involved in setting up the two large Covid-19 vaccination centres at the Lincolnshire Showground and the Princess Royal Sports Arena. The Trust worked with Commissioners and other healthcare providers, assessing the risks and producing action plans and work to enable them.

Staff Sickness and Staff Turnover Data

Sickness absence data and staff turnover data is published for Department of Health and Social Care bodies here:

https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates

Expenditure on consultancy

In 2020-21, the Trust spent £47k on consultancy expenditure. Key projects which engaged consultancy support included:

- supporting the Lincolnshire NHS system approach to Talent Management
- supporting a review around palliative care and end of life pathways.

Maz Fosh, Chief Executive

Lincolnshire Community Health Services NHS Trust

Signature: 

Date: 8th June 2021

Financial Statements 2020-21

Lincolnshire Community Health Services NHS Trust

Annual accounts for the year ended 31 March 2021

Further copies available on request from:
Director of Finance and Business Intelligence
Lincolnshire Community Health Services NHS Trust
Beech House
Waterside South
Lincoln
LN5 7JH
www.lincolnshirecommunityhealthservices.nhs.uk

Statement of the chief executive's responsibilities as the accountable officer of the trust

The Chief Executive of NHS Improvement, in exercise of powers conferred on the NHS Trust Development Authority, has designated that the Chief Executive should be the Accountable Officer of the trust. The relevant responsibilities of Accountable Officers are set out in the *NHS Trust Accountable Officer Memorandum.* These include ensuring that:

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance
- value for money is achieved from the resources available to the trust
- the expenditure and income of the trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them
- effective and sound financial management systems are in place and
- annual statutory accounts are prepared in a format directed by the Secretary of State to give a true and fair view of the state of affairs as at the end of the financial year and the income and expenditure, other items of comprehensive income and cash flows for the year.

As far as I am aware, there is no relevant audit information of which the trust's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an Accountable Officer.

Maz Fosh, Chief Executive Officer

Date: 08/06/2021

Statement of directors' responsibilities in respect of the accounts

The directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of HM Treasury, directs that these accounts give a true and fair view of the state of affairs of the trust and of the income and expenditure, other items of comprehensive income and cash flows for the year. In preparing those accounts, the directors are required to:

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury
- make judgements and estimates which are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts and
- prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the accounts.

The directors confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS trust's performance, business model and strategy

By order of the Board

.. Maz Fosh, Chief Executive Officer

08/06/2021

.  Sam Wilde, Director of Finance and Business Intelligence

08/06/2021

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF LINCOLNSHIRE COMMUNITY HEALTH SERVICES NHS TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Lincolnshire Community Health Services NHS Trust ("the Trust") for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Taxpayers Equity and Statement of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 March 2021 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as being relevant to NHS Trusts in England and included in the Department of Health and Social Care Group Accounting Manual 2020/21.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they have not been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Trust's business model and analysed how those risks might affect the Trust's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Trust will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management, the Audit Committee and internal audit and inspection of policy documentation as to the Trust's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Trust's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Assessing the incentives for management to manipulate reported financial performance as a result of the need to achieve statutory break-even duties and/or control totals delegated to the Trust by NHS Improvement.
- Reading Board and Audit Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Reviewing the Trust's accounting policies.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet delegated targets, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk of incentive for revenue to be manipulated into the wrong period around the year end and the risk that Trust management may be in a position to make inappropriate accounting entries.

In line with the guidance set out in Practice Note 10 Audit of Financial Statements of Public Sector Bodies in the United Kingdom we also recognised a fraud risk related to expenditure recognition, particularly in relation to year-end accruals and provisions.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included postings containing key words, postings to accounts that contain significant estimates, postings by individuals who do not typically post, and postings between unrelated accounts.
- Assessing significant estimates for bias.
- Inspecting transactions in the period prior to and following 31 March 2021 to verify revenue had been recognised in the correct accounting period.
- Inspecting transactions in the period prior to and following 31 March 2021 to verify expenditure had been recognised in the correct accounting period.
- Evaluating accruals posted as at 31 March 2021 and verifying accruals are appropriate and accurately recorded.
- Assessing the completeness of disclosed related party transactions and verifying they had been accurately recorded within the financial statements.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general sector experience and through discussion with the directors and other management (as required by auditing standards), and

from inspection of the Trust's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Trust is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Trust is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. Under paragraph 2(1) of Schedule 5 to the National Health Service Act 2006 the Trust must ensure that its revenue is not less than sufficient, taking one financial year with another, to meet outgoings properly chargeable to revenue account (the breakeven duty). In reporting on compliance with the breakeven duty the Trust is required to comply with the Department of Health and Social Care's 'Guidance on Breakeven Duty and Provisions', We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Trust is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.[1]

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information in the Annual Report

The Accountable Officer is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements.

[1] If we have identified indirect laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements this wording should be replaced by the wording in Example Report 2.2.1 in Appendix 2 of Chapter 2 of the AARM and "Firstly" should be included in the paragraph on direct laws and regulations.

Annual Governance Statement

We are required to report to you if the Annual Governance Statement has not been prepared in accordance with the requirements of the Department of Health and Social Care Group Accounting Manual 2020/21. We have nothing to report in this respect.

Remuneration and Staff Report

In our opinion the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual 2020/21.

Directors' and Accountable Officer's responsibilities

As explained more fully in the statement set out on page 3, the directors are responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity. As explained more fully in the statement of the Chief Executive's responsibilities, as the Accountable Officer of the Trust, on Page 2 the Accountable Officer is responsible for ensuring that annual statutory accounts are prepared in a format directed by the Secretary of State.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

Report on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report if we identify any significant weaknesses in the arrangements that have been made by the Trust to secure economy, efficiency and effectiveness in its use of resources.

We have nothing to report in this respect.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

As explained in the statement set out on page 57, the Chief Executive, as the Accountable Officer, is responsible for ensuring that value for money is achieved from the resources available to the Trust. We are required under section 21(3)(c), as amended by schedule 13 paragraph 10(a), of the Local Audit and Accountability Act 2014 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice and related statutory guidance having regard to whether the Trust had proper arrangements in place to ensure financial sustainability, proper governance and to use information about costs and performance to improve the way it manages and delivers its services. Based on our risk assessment, we undertook such work as we considered necessary.

Statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice issued by the Comptroller and Auditor General ('the Code of Audit Practice') to report to you if:

- we refer a matter to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014 because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency; or
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Trust under section 24 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Board of Directors of Lincolnshire Community Health Services NHS Trust, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Board of the Trust, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of the Trust, as a body, for our audit work, for this report or for the opinions we have formed.

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of Lincolnshire Community Health Services NHS Trust for the year ended 31 March 2021 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Andrew Cardoza
for and on behalf of KPMG LLP
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

10 June 2021

Statement of Comprehensive Income

	Note	2020/21 £000	2019/20 £000
Operating income from patient care activities	3	102,156	98,026
Other operating income	4	8,539	10,321
Operating expenses	6	(110,716)	(105,208)
Operating surplus/(deficit) from continuing operations		**(21)**	**3,139**
Finance income	11	6	180
Finance expenses	12	-	-
PDC dividends payable		-	-
Net finance costs		**6**	**180**
Other gains / (losses)	13	3	(2)
Share of profit / (losses) of associates / joint arrangements	20	-	-
Surplus / (deficit) for the year from continuing operations		**(12)**	**3,317**
Surplus / (deficit) on discontinued operations and the gain / (loss) on disposal of discontinued operations	14	-	-
Surplus / (deficit) for the year		**(12)**	**3,317**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	7	(11)	-
Revaluations	18	82	21
Other recognised gains and losses		-	-
Other reserve movements		-	-
Total comprehensive income / (expense) for the period		**59**	**3,338**

The accompanying notes form part of these financial statements

Statement of Financial Position

	Note	31 March 2021 £000	31 March 2020 £000
Non-current assets			
Intangible assets	15	559	428
Property, plant and equipment	16	6,824	6,525
Receivables	24	-	-
Other assets	25	-	-
Total non-current assets		**7,383**	**6,953**
Current assets			
Inventories	23	-	-
Receivables	24	3,041	6,844
Other investments / financial assets	21	-	-
Other assets	25	-	-
Non-current assets for sale and assets in disposal groups	26.1	-	-
Cash and cash equivalents	27	32,291	29,532
Total current assets		**35,332**	**36,376**
Current liabilities			
Trade and other payables	28	(11,247)	(12,901)
Borrowings	30	-	-
Provisions	33	(3,235)	(2,869)
Other liabilities	29	(1,091)	(740)
Liabilities in disposal groups	26.2	-	-
Total current liabilities		**(15,573)**	**(16,510)**
Total assets less current liabilities		**27,142**	**26,819**
Non-current liabilities			
Trade and other payables	28	(22)	-
Borrowings	30	-	-
Provisions	33	(264)	(275)
Other liabilities	29	-	-
Total non-current liabilities		**(286)**	**(275)**
Total assets employed		**26,856**	**26,544**
Financed by			
Public dividend capital		316	63
Revaluation reserve		1,143	1,094
Income and expenditure reserve		25,397	25,387
Total taxpayers' equity		**26,856**	**26,544**

The notes on pages 13 to 54 form part of these accounts.

Signed: 

Name Maz Fosh

Position Chief Executive Officer, Linconshire Community Health Services NHS Trust

Date 8 June 2021

Statement of Changes in Equity for the year ended 31 March 2021

	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2020 - brought forward	**63**	**1,094**	**25,387**	**26,544**
Surplus/(deficit) for the year	-	-	(12)	**(12)**
Transfers by absorption: transfers between reserves	-	-	-	**-**
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits	-	-	-	**-**
Other transfers between reserves	-	(22)	22	**-**
Impairments	-	(11)	-	**(11)**
Revaluations	-	82	-	**82**
Transfer to retained earnings on disposal of assets	-	-	-	**-**
Other recognised gains and losses	-	-	-	**-**
Public dividend capital received	283	-	-	**283**
Public dividend capital repaid	(30)	-	-	**(30)**
Other reserve movements	-	-	-	**-**
Taxpayers' and others' equity at 31 March 2021	**316**	**1,143**	**25,397**	**26,856**

Statement of Changes in Equity for the year ended 31 March 2020

	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**520**	**1,095**	**22,048**	**23,663**
Surplus/(deficit) for the year	-	-	3,317	**3,317**
Transfers by absorption: transfers between reserves	-	-	-	**-**
Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits	-	-	-	**-**
Other transfers between reserves	-	(22)	22	**-**
Impairments	-	-	-	**-**
Revaluations	-	21	-	**21**
Transfer to retained earnings on disposal of assets	-	-	-	**-**
Other recognised gains and losses	-	-	-	**-**
Public dividend capital received	30	-	-	**30**
Public dividend capital repaid	(487)	-	-	**(487)**
Other reserve movements	-	-	-	**-**
Taxpayers' and others' equity at 31 March 2020	**63**	**1,094**	**25,387**	**26,544**

Information on reserves

Public dividend capital
Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. Additional PDC may also be issued to trusts by the Department of Health and Social Care. A charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health as the public dividend capital dividend.

Revaluation reserve
Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating income. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

Income and expenditure reserve
The balance of this reserve is the accumulated surpluses and deficits of the trust.

Statement of Cash Flows

	Note	2020/21 £000	2019/20 £000
Cash flows from operating activities			
Operating surplus / (deficit)		(21)	3,139
Non-cash income and expense:			
Depreciation and amortisation	6.1	1,679	1,420
Net impairments	7	(33)	(3)
Income recognised in respect of capital donations	4	(8)	-
(Increase) / decrease in receivables and other assets		3,803	411
(Increase) / decrease in inventories		-	-
Increase / (decrease) in payables and other liabilities		(1,175)	1,608
Increase / (decrease) in provisions		355	198
Tax (paid) / received		-	-
Net cash flows from / (used in) operating activities		**4,600**	**6,773**
Cash flows from investing activities			
Interest received	11	6	180
Purchase and sale of financial assets / investments		-	-
Purchase of intangible assets		(326)	(185)
Sales of intangible assets		-	-
Purchase of PPE and investment property		(1,817)	(1,747)
Sales of PPE and investment property		35	-
Receipt of cash donations to purchase assets		8	-
Net cash flows from / (used in) investing activities		**(2,094)**	**(1,752)**
Cash flows from financing activities			
Public dividend capital received		283	30
Public dividend capital repaid		(30)	(487)
Movement on loans from DHSC		-	-
Movement on other loans		-	-
Other capital receipts		-	-
Interest on loans		-	-
PDC dividend (paid) / refunded		-	-
Cash flows from (used in) other financing activities		-	-
Net cash flows from / (used in) financing activities		**253**	**(457)**
Increase / (decrease) in cash and cash equivalents		**2,759**	**4,564**
Cash and cash equivalents at 1 April - brought forward		**29,532**	**24,968**
Prior period adjustments			-
Cash and cash equivalents at 1 April - restated		**29,532**	**24,968**
Cash and cash equivalents transferred under absorption accounting		-	-
Unrealised gains / (losses) on foreign exchange		-	-
Cash and cash equivalents at 31 March	27.1	**32,291**	**29,532**

The accompanying notes form part of these financial statements

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

The Department of Health and Social Care has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2020/21 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

Note 1.1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

Note 1.2 Going concern

These financial statements have been prepared on a going concern basis. The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity's services in the public sector is normally sufficient evidence of going concern. The directors have a reasonable expectation that this will continue to be the case.

The Trust has prepared its financial plans and cash flow forecasts for the coming year on the assumption that funding will be received from the Department of Health and Social Care consistent with the revised funding arrangements in response to the COVID-19 pandemic. Discussions to date indicate this funding will be forthcoming. These funds are expected to be sufficient to enable the Trust to meet its obligations as they fall due and will be accessed through the nationally agreed process published by NHS Improvement and the Department of Health and Social Care.

The Board of Directors has therefore concluded that these financial statements should be prepared on a going concern basis as there is a reasonable expectation that the Trust will have adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements.

Note 1.3.1 Critical accounting judgements and key sources of estimation uncertainty

In the application of Lincolnshire Community Health Services NHS Trust accounting policies, management is required to make various judgements, estimates and assumptions. These are regularly reviewed.

Note 1.3.2 Sources of estimation uncertainty

The following are assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

In the application of Lincolnshire Community Health Services NHS Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.
The Trust has made a key estimate and accounting judgement with regards to its level of provision for the historic employment status liabilities in respect of Out of Hours General Practioners. Details of the provision amount and associated context can be found within note 33 (provisions) and note 34 (contingent liabilties).

The Trust has used professional estimates with regards to valuations of Property, Plant and Equipment values. Further details can be found in Note 18 (revaluations of property, plant and equipment).

Note 1.4 Transfer of Functions

As public sector bodies are deemed to operate under common control, business reconfigurations within the DHSC group are outside the scope of IFRS 3 Business Combinations. Where functions transfer between two public sector bodies, the GAM requires the application of 'absorption accounting'. Absorption accounting requires that entities account for their transactions in the period in which they took place. Where assets and liabilities transfer, the gain or loss resulting is recognised in the Statement of Comprehensive Income, and is disclosed separately from operating costs

Note 1.5 Pooled Budgets

Lincolnshire Community Health Services NHS Trust is party to a S75 agreement with Lincolnshire County Council and Lincolnshire Clinical Commissioning Group (CCG) with regards to the provision of transitional care nursing beds to the Lincolnshire patient population. Lincolnshire County Council is the host organisation and Lincolnshire Community Health Services NHS Trust contribution is detailed within note 2 to these accounts.

1.6 Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS).

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

The main source of revenue for Lincolnshire Community Health Services NHS Trust is contracts with commissioners in respect of healthcare services. Revenue in respect of services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer, and is measured at the amount of the transaction price allocated to that performance obligation. At the year end, Trust accrues income relating to performance obligations satisfied in that year. Where a patient care spell is incomplete at the year end, revenue relating to the partially complete spell is accrued in the same manner as other revenue.

Where income is received for a specific performance obligation that is to be satisfied in the following year, that income is deferred.

The Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer.

The Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

Revenue in respect of services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer, and is measured at the amount of the transaction price allocated to that performance obligation.

Payment terms are standard reflecting cross government principles. Significant terms include payment in line with the Better Payments Practice Code (BPPC).

The value of the benefit received when the Trust accesses funds from the Government's apprenticeship service are recognised as income in accordance with IAS 20, Accounting for Government Grants. Where these funds are paid directly to an accredited training provider, non-cash income and a corresponding non-cash training expense are recognised, both equal to the cost of the training funded.

Revenue from NHS contracts

The accounting policies for revenue recognition and the application of IFRS 15 are consistently applied. The contracting arrangements in the NHS changed between 2019/20 and 2020/21 affecting the application of the accounting policy under IFRS 15. This difference in application is explained below.

2020/21

The main source of income for the Trust is contracts with commissioners for health care services. In 2020/21, the majority of the trust's income from NHS commissioners was in the form of block contract arrangements. During the first half of the year the trust received block funding from its commissioners. For the second half of the year, block contract arrangements were agreed at a Sustainability and Transformation Partnership level. The related performance obligation is the delivery of healthcare and related services during the period, with the trust's entitlement to consideration not varying based on the levels of activity performed.

The Trust has received additional income outside of the block and system envelopes to reimburse specific costs incurred and other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

Comparative period (2019/20)

In the comparative period (2019/20), the trust's contracts with NHS commissioners included those where the trust's entitlement to income varied according to services delivered. A performance obligation relating to delivery of a spell of health care was generally satisfied over time as healthcare was received and consumed simultaneously by the customer as the Trust performed it. The customer in such a contract was the commissioner, but the customer benefited as services were provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligned with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that were substantially the same and had a similar pattern of transfer. At the year end, the Trust accrued income relating to activity delivered in that year, where a patient care spell was incomplete. This accrual was disclosed as a contract receivable as entitlement to payment for work completed was usually only dependent on the passage of time.

Revenue from research contracts

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract. In these cases it is assessed that the Trust's interim performance does not create an asset with alternative use for the Trust, and the Trust has an enforceable right to payment for the performance completed to date. It is therefore considered that the performance obligation is satisfied over time, and the Trust recognises revenue each year over the course of the contract. Some research income alternatively falls within the provisions of IAS 20 for government grants.

NHS injury cost recovery scheme

The Trust receives income under the NHS injury cost recovery scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer. The Trust recognises the income when performance obligations are satisfied. In practical terms this means that treatment has been given, it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less an allowance for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

Provider sustainability fund (PSF) and Financial recovery fund (FRF)
The PSF and FRF enable providers to earn income linked to the achievement of financial controls and performance targets. Income earned from the funds is accounted for as variable consideration.

Note 1.7 Other forms of income

Grants and donations

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grants is used to fund capital expenditure, it is credited to the consolidated statement of comprehensive income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

Apprenticeship service income
The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider from the Trust's Digital Apprenticeship Service (DAS) account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Note 1.8 Expenditure on employee benefits

Short-term employee benefits
Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Both schemes are unfunded, defined benefit schemes that cover NHS employers, general practices and other bodies, allowed under the direction of Secretary of State for Health and Social Care in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it is a defined contribution scheme: the cost to the trust is taken as equal to the employer's pension contributions payable to the scheme for the accounting period. The contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the trust commits itself to the retirement, regardless of the method of payment.

Note 1.9 Expenditure on other goods and services
Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

Note 1.10 Discontinued operations

Discontinued operations occur where activities either cease without transfer to another entity, or transfer to an entity outside of the boundary of Whole of Government Accounts, such as private or voluntary sectors. Such activities are accounted for in accordance with IFRS 5. Activities that are transferred to other bodies within the boundary of Whole of Government Accounts are ‘machinery of government changes’ and treated as continuing operations.

Note 1.11 Other Expenses
Other operating expenses are recognised when, and to the extent that, the goods or services have been received. They are measured at the fair value of the consideration payable.

1.12 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

• it is held for use in delivering services or for administrative purposes
• it is probable that future economic benefits will flow to, or service potential be provided to, the trust
• it is expected to be used for more than one financial year
• the cost of the item can be measured reliably
• the item has cost of at least £5,000, or
• collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, eg, plant and equipment, then these components are treated as separate assets and depreciated over their own useful lives.

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Measurement

Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

Assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (ie operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use. Assets that were most recently held for their service potential but are surplus with no plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying values are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost on a modern equivalent asset basis.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23, borrowings costs. Assets are revalued and depreciation commences when the assets are brought into use.

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use.

Depreciation

Items of property, plant and equipment are depreciated over their remaining useful lives in a manner consistent with the consumption of economic or service delivery benefits.

Revaluation gains and losses

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating expenditure.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

Impairments

In accordance with the GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.
Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

De-recognition

Assets intended for disposal are reclassified as 'held for sale' once the criteria in IFRS 5 are met. The sale must be highly probable and the asset available for immediate sale in its present condition.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'held for sale' and instead is retained as an operational asset and the asset's useful life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Donated and grant funded assets

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

In 2020/21 this includes assets donated to the trust by the Department of Health and Social Care as part of the response to the coronavirus pandemic. As defined in the GAM, the trust applies the principle of donated asset accounting to assets that the trust controls and is obtaining economic benefits from at the year end.

Note 1 Accounting policies and other information (continued)

Private Finance Initiative (PFI) and Local Improvement Finance Trust (LIFT) transactions

PFI and LIFT transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's *FReM* , are accounted for as 'on-Statement of Financial Position' by the trust. In accordance with HM Treasury's FReM, the underlying assets are recognised as property, plant and equipment, together with an equivalent liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

The annual contract payments are apportioned between the repayment of the liability, a finance cost, the charges for services and lifecycle replacement of components of the asset.

The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

Lincolnshire Community Health Services NHS Trust had not entered into any arrangements involving PFI or LIFT transactions

Useful lives of property, plant and equipment

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Min life Years	**Max life Years**
Land	-	-
Buildings, excluding dwellings	1	24
Dwellings	-	-
Plant & machinery	1	10
Transport equipment	-	-
Information technology	1	4
Furniture & fittings	1	4

Finance-leased assets (including land) are depreciated over the shorter of the useful life or the lease term, unless the trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

Note 1.13 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the trust and where the cost of the asset can be measured reliably.

Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally generated assets are not captialised as intangible assets.

Expenditure on development is only capitalised when all of the following can be demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it
- the ability to sell or use the intangible asset
- how the intangible asset will generate probable future economic benefits or service potential

- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Intangible assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

Amortisation

Intangible assets are amortised over their expected useful lives in a manner consistent with the consumption of economic or service delivery benefits.

Useful lives of intangible assets

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown

	Min life Years	**Max life Years**
Information technology	1	4
Development expenditure	-	-
Websites	-	-
Software licences	1	4
Licences & trademarks	-	-
Patents	-	-
Other (purchased)	-	-
Goodwill	-	-

Note 1.14 Inventories
The Trust does not hold a material level of inventories. No value for inventories is included on the Statement of Financial Position.

In 2020/21, the Trust received inventories including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department.

Note 1.15 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management. Cash, bank and overdraft balances are recorded at current values.

Note 1.16 Financial assets and financial liabilities

Recognition

Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS.

This includes the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements and are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

Classification and measurement

Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below.

Financial assets and financial liabilities at amortised cost

Financial assets and financial liabilities at amortised cost are those held with the objective of collecting contractual cash flows and where cash flows are solely payments of principal and interest. This includes cash equivalents, contract and other receivables, trade and other payables, rights and obligations under lease arrangements and loans receivable and payable.

After initial recognition, these financial assets and financial liabilities are measured at amortised cost using the effective interest method less any impairment (for financial assets). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income where business model objectives are met by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest. Movements in the fair value of financial assets in this category are recognised as gains or losses in other comprehensive income except for impairment losses. On derecognition, cumulative gains and losses previously recognised in other comprehensive income are reclassified from equity to income and expenditure, except where the Trust elected to measure an equity instrument in this category on initial recognition.

Financial assets and financial liabilities at fair value through income and expenditure

Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or at fair value through other comprehensive income. This category also includes financial assets and liabilities acquired principally for the purpose of selling in the short term (held for trading) and derivatives. Derivatives which are embedded in other contracts, but which are separable from the host contract are measured within this category. Movements in the fair value of financial assets and liabilities in this category are recognised as gains or losses in the Statement of Comprehensive income.

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses.

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

Derecognition

Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Note 1.17 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Note 1.17.1 Lincolnshire Community Health Services NHS Trust as lessee

Property, plant and equipment held under finance leases are initially recognised, at the commencement of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Statement of Comprehensive Income.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred. Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases.

Note 1.17.2 Lincolnshire Community Health Services NHS Trust as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the trust's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Note 1.18 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective for 31 March 2021:

		Nominal rate
Short-term	Up to 5 years	-0.02%
Medium-term	After 5 years up to 10 years	0.18%
Long-term	Exceeding 10 years	1.99%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective 31 March 2021:

	Inflation rate
Year 1	1.20%
Year 2	1.60%
Into perpetuity	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 0.95% in real terms.

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 33.2 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

The trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the trust pays an annual contribution to NHS Resolution and in return receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses when they become due.

Note 1.19 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 34 where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are disclosed in note 34, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

• possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or

• present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.20 Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

The Secretary of State can issue new PDC to, and require repayments of PDC from, the trust. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, with certain additions and deductions as defined by the Department of Health and Social Care.

This policy is available at https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts.

In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

Note 1.21 Value added tax

Most of the activities of the trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

Note 1.22 Foreign exchange

Lincolnshire Community Health Services NHS Trust's functional currency and presentational currency is pounds sterling, and figures are presented in thousands of pounds unless expressly stated otherwise. Transactions denominated in a foreign currency are translated into sterling at the spot exchange rate on the date of the transaction. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Exchange gains and losses on monetary items (arising on settlement of the transaction or on retranslation at the Statement of Financial Position date) are recognised in the Statement of Comprehensive Income in the period in which they arise.

Lincolnshire Community Health Services NHS Trust has not undertaken any transactions involving foreign currency in the financial year.

Note 1.23 Third party assets

Assets belonging to third parties in which the Trust has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's *FReM*.

Note 1.24 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis.

The losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

Note 1.25 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Note 1.26 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2020/21.

Note 1.27 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases

IFRS 16 Leases will replace *IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations and is applicable in the public sector for periods beginning 1 April 2022. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16 on 1 April 2022, the trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be defined by HM Treasury. Currently this rate is 0.91% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2022 for existing finance leases.

For leases commencing in 2022/23, the trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

HM Treasury revised the implementation date for IFRS 16 in the UK public sector to 1 April 2022 on 19 April 2021 . Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in from April 2022 and beyond, a quantification of the expected impact of applying the standard in 2022/23 is currently impracticable. However, the trust does expect this standard to have a material impact on non-current assets, liabilities and depreciation.

Other standards, amendments and interpretations

The DHSC GAM does not require the following IFRS Standards and Interpretations to be applied in 2020-21. These Standards are still subject to HM Treasury FReM adoption, with IFRS 16 now being for implementation in 2022-23 (see above), and the government implementation date for IFRS 17 still subject to HM Treasury consideration.
IFRS 17 Insurance Contracts – Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.

Note 2 Operating Segments

No segmental analysis is shown as the sole activity of Lincolnshire Community Health Services NHS Trust in 2020/21 was the provision of community health services for the people of Lincolnshire and surrounding areas

The "Chief Operating Decision Maker" is deemed to be the Trust Board of Directors. The Board receives high level financial reporting information and does not therefore review information or allocate resources in any way that could be perceived to represent operating segments. This is reviewed during the year by the Trust Board, dependent on the information required or requested by the Chief Operating Decision Maker.

The Trust has a grouping of customers, Lincolnshire Clinical Commissioning Groups from which more than 10% of its total revenue is derived for the provision of community health services.

Note 2.1 Pooled Budgets

From October 2016, Lincolnshire Community Health Services NHS Trust has participated in a pooled budget arrangement under Section 75 of the Health Act 2012 with Lincolnshire County Council and Lincolnshire Clinical Commissioning Groups (CCGs) for the provision of Transitional Care nursing beds. Lincolnshire County Council are the hosting body.

Lincolnshire Community Health Services NHS Trust's share of the income and expenditure handled by the pooled budget in the financial year were;

	£000s 2020/21	£000s 2019/20
Revenue	1523	1750
Expenditure	1523	1750

Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.6

Note 3.1 Income from patient care activities (by nature)	2020/21	2019/20
	£000	£000
Community services		
Block contract / system envelope income*	92,616	89,291
Income from other sources (e.g. local authorities)	5,921	5,681
All services		
Private patient income	-	-
Additional pension contribution central funding**	3,119	2,793
Other clinical income	500	261
Total income from activities	**102,156**	**98,026**

*As part of the coronavirus pandemic response, transaction flows were simplified in the NHS and providers and their commissioners moved onto block contract payments at the start of 2020/21. In the second half of the year, a revised financial framework built on these arrangements but with a greater focus on system partnership and providers derived most of their income from these system envelopes. Comparatives in this note are presented to be comparable with the current year activity. This does not reflect the contracting and payment mechanisms in place during the prior year.

**The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. Since 2019/20, NHS providers have continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

Note 3.2 Income from patient care activities (by source)

	2020/21	2019/20
Income from patient care activities received from:	**£000**	**£000**
NHS England	6,725	5,659
Clinical commissioning groups	89,078	86,460
Department of Health and Social Care	-	-
Other NHS providers	17	43
NHS other	-	-
Local authorities	5,904	5,639
Non-NHS: private patients	-	-
Non-NHS: overseas patients (chargeable to patient)	-	-
Injury cost recovery scheme	239	204
Non NHS: other	193	21
Total income from activities	**102,156**	**98,026**
Of which:		
Related to continuing operations	102,156	98,026
Related to discontinued operations	-	-

Note 3.3 Overseas visitors (relating to patients charged directly by the provider)

	2020/21	2019/20
	£000	£000
Income recognised this year	-	-
Cash payments received in-year	-	-
Amounts added to provision for impairment of receivables	-	-
Amounts written off in-year	-	-

Note 4 Other operating income

	2020/21			2019/20		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	193	-	**193**	129	-	**129**
Education and training	875	191	**1,066**	730	158	**888**
Non-patient care services to other bodies	5,200		**5,200**	6,871		**6,871**
Provider sustainability fund (2019/20 only)			**-**	2,001		**2,001**
Reimbursement and top up funding	127		**127**			**-**
Income in respect of employee benefits accounted on a gross basis	361		**361**	395		**395**
Receipt of capital grants and donations		8	**8**		-	**-**
Charitable and other contributions to expenditure		1,577	**1,577**		35	**35**
Other income	7	-	**7**	2	-	**2**
Total other operating income	**6,763**	**1,776**	**8,539**	**10,128**	**193**	**10,321**
Of which:						
Related to continuing operations			8,539			10,321
Related to discontinued operations			-			-

Note 5.1 Additional information on contract revenue (IFRS 15) recognised in the period

	2020/21	2019/20
	£000	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	346	810
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods	-	-

Note 5.2 Transaction price allocated to remaining performance obligations

Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:	31 March 2021 £000	31 March 2020 £000
within one year	-	-
after one year, not later than five years	-	-
after five years	-	-
Total revenue allocated to remaining performance obligations	**-**	**-**

The trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in preparing this disclosure. Revenue from (i) contracts with an expected duration of one year or less and (ii) contracts where the trust recognises revenue directly corresponding to work done to date is not disclosed.

Note 6.1 Operating expenses

	2020/21	2019/20
	£000	£000
Staff and executive directors costs	76,023	69,339
Remuneration of non-executive directors	80	74
Supplies and services - clinical (excluding drugs costs)	10,808	11,486
Supplies and services - general	3,503	3,222
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	2,388	2,721
Consultancy costs	47	152
Establishment	798	880
Premises	8,186	8,350
Transport (including patient travel)	1,203	1,699
Depreciation on property, plant and equipment	1,484	1,233
Amortisation on intangible assets	195	187
Net impairments	(33)	(3)
Movement in credit loss allowance: contract receivables / contract assets	(9)	(2)
Movement in credit loss allowance: all other receivables and investments	-	-
Increase/(decrease) in other provisions	-	-
Change in provisions discount rate(s)	-	-
Audit fees payable to the external auditor		
audit services- statutory audit*	60	44
other auditor remuneration (external auditor only)	-	-
Internal audit costs	98	74
Clinical negligence	349	253
Legal fees	250	401
Insurance	-	-
Research and development	9	60
Education and training	872	740
Rentals under operating leases	4,383	4,288
Early retirements	-	-
Redundancy	-	-
Car parking & security	-	-
Hospitality	-	-
Losses, ex gratia & special payments	-	-
Grossing up consortium arrangements	-	-
Other services, eg external payroll	-	-
Other	22	10
Total	**110,716**	**105,208**
Of which:		
Related to continuing operations	110,716	105,208
Related to discontinued operations	-	-

*Statutory audit fee expenditure includes annual audit fee of £58k (exc. VAT), with the remaining relating to additional COVID-19 related costs billed in 20/21

Note 6.2 Other auditor remuneration

	2020/21 £000	2019/20 £000
Other auditor remuneration paid to the external auditor:		
1. Audit of accounts of any associate of the trust	-	-
2. Audit-related assurance services	-	-
3. Taxation compliance services	-	-
4. All taxation advisory services not falling within item 3 above	-	-
5. Internal audit services	-	-
6. All assurance services not falling within items 1 to 5	-	-
above	-	-
8. Other non-audit services not falling within items 2 to 7 above	-	-
Total	**-**	**-**

Note 6.3 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £1 million (2019/20: £1 million).

Note 7 Impairment of assets

	2020/21 £000	2019/20 £000
Net impairments charged to operating surplus / deficit resulting from:		
Loss or damage from normal operations	-	-
Over specification of assets	-	-
Abandonment of assets in course of construction	-	-
Unforeseen obsolescence	-	-
Loss as a result of catastrophe	-	-
Changes in market price	(33)	(3)
Other	-	-
Total net impairments charged to operating surplus / deficit	**(33)**	**(3)**
Impairments charged to the revaluation reserve	11	-
Total net impairments	**(22)**	**(3)**

Note 8 Employee benefits

	2020/21 Total £000	2019/20 Total £000
Salaries and wages	57,084	49,479
Social security costs	5,514	4,707
Apprenticeship levy	267	236
Employer's contributions to NHS pensions	10,352	9,221
Pension cost - other	50	37
Other post employment benefits	-	-
Other employment benefits	-	-
Termination benefits	-	-
Temporary staff (including agency)	2,756	5,659
Total gross staff costs	**76,023**	**69,339**
Recoveries in respect of seconded staff	-	-
Total staff costs	**76,023**	**69,339**
Of which		
Costs capitalised as part of assets	-	-

Note 8.1 Retirements due to ill-health

During 2020/21 there were no early retirements from the trust agreed on the grounds of ill-health (1 in the year ended 31 March 2020). The estimated additional pension liabilities of these ill-health retirements is 0k (£143k in 2019/20).

These estimated costs are calculated on an average basis and will be borne by the NHS Pension Scheme.

Note 9 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2021, is based on valuation data as at 31 March 2020, updated to 31 March 2021 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 at 20.6%, and the Scheme Regulations were amended accordingly.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

The Trust also has a small number of employees who pay into the National Employment Savings Trust (NEST) pension scheme and this is not connected to the NHS Pensions Scheme.

Note 10 Operating leases

Note 10.1 Lincolnshire Community Health Services NHS Trust as a lessor

Lincolnshire Community Health Services NHS Trust has not acted as a lessor in any leasing arrangements in 2020/21 (2019/20: £0)

Note 10.2 Lincolnshire Community Health Services NHS Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Lincolnshire Community Health Services NHS Trust is the lessee.

Lincolnshire Community Health Services NHS Trust operates patient services in a variety of locations across the county of Lincolnshire and neighbouring counties. As a result, the Trust is party to a number of leasing arrangements for the occupation of properties. Many of these arrangements are with NHS Property Services Ltd.

The Trust also operates a lease car scheme to enable staff to deliver services in the community, these arrangements involve three-year leasing arrangements between the Trust and private leasing providers.

	2020/21 £000	2019/20 £000
Operating lease expense		
Minimum lease payments	4,383	4,288
Contingent rents	-	-
Less sublease payments received	-	-
Total	**4,383**	**4,288**

	31 March 2021 £000	31 March 2020 £000
Future minimum lease payments due:		
- not later than one year;	4,076	3,854
- later than one year and not later than five years;	13,732	13,320
- later than five years.	28,400	28,413
Total	**46,208**	**45,587**
Future minimum sublease payments to be received	-	-

Note 11 Finance income

Finance income represents interest received on assets and investments in the period.

	2020/21	2019/20
	£000	£000
Interest on bank accounts	6	180
Interest income on finance leases	-	-
Interest on other investments / financial assets	-	-
Other finance income	-	-
Total finance income	**6**	**180**

Bank interest represents interest on cash balances held within the Government Banking Service. LCHS is not permitted to hold balances with commercial banks. Interest received for 2020/21 was significantly impacted by the interest rate reduction in March 2020 as part of the UK Government economic response to the Covid-19 pandemic.

Note 12.1 Finance expenditure

Finance expenditure represents interest and other charges involved in the borrowing of money or asset financing.

	2020/21	2019/20
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	-	-
Other loans	-	-
Overdrafts	-	-
Finance leases	-	-
Interest on late payment of commercial debt	-	-
Main finance costs on PFI and LIFT schemes obligations	-	-
Contingent finance costs on PFI and LIFT scheme obligations	-	-
Total interest expense	**-**	**-**
Unwinding of discount on provisions	-	-
Other finance costs	-	-
Total finance costs	**-**	**-**

Note 12.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

	2020/21	2019/20
	£000	£000
Total liability accruing in year under this legislation as a result of late payments	-	-
Amounts included within interest payable arising from claims made under this legislation	-	-
Compensation paid to cover debt recovery costs under this legislation	-	-

Note 13 Other gains / (losses)

	2020/21	2019/20
	£000	£000
Gains on disposal of assets	3	-
Losses on disposal of assets	-	(2)
Total gains / (losses) on disposal of assets	**3**	**(2)**
Gains / (losses) on foreign exchange	-	-
Fair value gains / (losses) on investment properties	-	-
Fair value gains / (losses) on financial assets / investments	-	-
Fair value gains / (losses) on financial liabilities	-	-
Recycling gains / (losses) on disposal of financial assets mandated as fair value through OCI	-	-
Other gains / (losses)	-	-
Total other gains / (losses)	**3**	**(2)**

Note 14 Discontinued operations

Lincolnshire Community Health Services NHS Trust has none of its operations classified as discontinued in 2020/21 (2019/20: £0)

Note 15.1 Intangible assets - 2020/21

	Software licences	Internally generated information technology	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2020 - brought forward	**923**	**299**	**1,222**
Transfers by absorption	-	-	**-**
Additions	326	-	**326**
Impairments	-	-	**-**
Reversals of impairments	-	-	**-**
Revaluations	-	-	**-**
Reclassifications	-	-	**-**
Transfers to / from assets held for sale	-	-	**-**
Disposals / derecognition	(305)	-	**(305)**
Valuation / gross cost at 31 March 2021	**944**	**299**	**1,243**
Amortisation at 1 April 2020 - brought forward	**612**	**182**	**794**
Transfers by absorption	-	-	**-**
Provided during the year	145	50	**195**
Impairments	-	-	**-**
Reversals of impairments	-	-	**-**
Revaluations	-	-	**-**
Reclassifications	-	-	**-**
Transfers to / from assets held for sale	-	-	**-**
Disposals / derecognition	(305)	-	**(305)**
Amortisation at 31 March 2021	**452**	**232**	**684**
Net book value at 31 March 2021	**492**	**67**	**559**
Net book value at 1 April 2020	**311**	**117**	**428**

Note 15.2 Intangible assets - 2019/20

	Software licences	Internally generated information technology	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2019 - restated	**886**	**198**	**1,084**
Transfers by absorption	-	-	**-**
Additions	100	85	**185**
Impairments	-	-	**-**
Reversals of impairments	-	-	**-**
Revaluations	-	-	**-**
Reclassifications	(16)	16	**-**
Transfers to / from assets held for sale	-	-	**-**
Disposals / derecognition	(47)	-	**(47)**
Valuation / gross cost at 31 March 2020	**923**	**299**	**1,222**
Amortisation at 1 April 2019 - restated	**568**	**85**	**653**
Transfers by absorption	-	-	**-**
Provided during the year	137	50	**187**
Impairments	-	-	**-**
Reversals of impairments	-	-	**-**
Revaluations	-	-	**-**
Reclassifications	(47)	47	**-**
Transfers to / from assets held for sale	-	-	**-**
Disposals / derecognition	(46)	-	**(46)**
Amortisation at 31 March 2020	**612**	**182**	**794**
Net book value at 31 March 2020	**311**	**117**	**428**
Net book value at 1 April 2019	**318**	**113**	**431**

Note 16.1 Property, plant and equipment - 2020/21

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2020 - brought forward	**691**	**3,443**	**61**	**2,723**	**4,384**	**575**	**11,877**
Transfers by absorption	-	-	-	-	-	-	**-**
Additions	-	32	7	440	1,232	-	**1,711**
Impairments	(16)	(15)	-	-	-	-	**(31)**
Reversals of impairments	-	14	-	-	-	-	**14**
Revaluations	-	38	-	-	-	-	**38**
Reclassifications	-	2	(25)	-	-	23	**-**
Transfers to / from assets held for sale	-	-	-	-	-	-	**-**
Disposals / derecognition	-	(40)	-	(686)	(1,244)	(349)	**(2,319)**
Valuation/gross cost at 31 March 2021	**675**	**3,474**	**43**	**2,477**	**4,372**	**249**	**11,290**
Accumulated depreciation at 1 April 2020 - brought forward	**-**	**982**	**-**	**1,819**	**2,105**	**446**	**5,352**
Transfers by absorption	-	-	-	-	-	-	**-**
Provided during the year	-	258	-	275	897	54	**1,484**
Impairments	-	(10)	-	-	-	-	**(10)**
Reversals of impairments	-	(29)	-	-	-	-	**(29)**
Revaluations	-	(44)	-	-	-	-	**(44)**
Reclassifications	-	-	-	-	-	-	**-**
Transfers to / from assets held for sale	-	-	-	-	-	-	**-**
Disposals / derecognition	-	(40)	-	(686)	(1,212)	(349)	**(2,287)**
Accumulated depreciation at 31 March 2021	**-**	**1,117**	**-**	**1,408**	**1,790**	**151**	**4,466**
Net book value at 31 March 2021	**675**	**2,357**	**43**	**1,069**	**2,582**	**98**	**6,824**
Net book value at 1 April 2020	**691**	**2,461**	**61**	**904**	**2,279**	**129**	**6,525**

Note 16.2 Property, plant and equipment - 2019/20

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2019 - as previously stated	**681**	**3,045**	**362**	**2,402**	**3,684**	**519**	**10,693**
Prior period adjustments	-	-	-	-	-	-	**-**
Valuation / gross cost at 1 April 2019 - restated	**681**	**3,045**	**362**	**2,402**	**3,684**	**519**	**10,693**
Transfers by absorption	-	-	-	-	-	-	**-**
Additions	-	103	52	321	1,201	56	**1,733**
Impairments	-	-	-	-	-	-	**-**
Reversals of impairments	-	(16)	-	-	-	-	**(16)**
Revaluations	10	(42)	-	-	-	-	**(32)**
Reclassifications	-	353	(353)	-	-	-	**-**
Transfers to / from assets held for sale	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	(501)	-	**(501)**
Valuation/gross cost at 31 March 2020	**691**	**3,443**	**61**	**2,723**	**4,384**	**575**	**11,877**
Accumulated depreciation at 1 April 2019 - as previously stated	**-**	**774**	**-**	**1,562**	**1,961**	**394**	**4,691**
Prior period adjustments	-	-	-	-	-	-	**-**
Accumulated depreciation at 1 April 2019 - restated	**-**	**774**	**-**	**1,562**	**1,961**	**394**	**4,691**
Transfers by absorption	-	-	-	-	-	-	**-**
Provided during the year	-	280	-	257	644	52	**1,233**
Impairments	-	-	-	-	-	-	**-**
Reversals of impairments	-	(19)	-	-	-	-	**(19)**
Revaluations	-	(53)	-	-	-	-	**(53)**
Reclassifications	-	-	-	-	-	-	**-**
Transfers to / from assets held for sale	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	(500)	-	**(500)**
Accumulated depreciation at 31 March 2020	**-**	**982**	**-**	**1,819**	**2,105**	**446**	**5,352**
Net book value at 31 March 2020	**691**	**2,461**	**61**	**904**	**2,279**	**129**	**6,525**
Net book value at 1 April 2019	**681**	**2,271**	**362**	**840**	**1,723**	**125**	**6,002**

Note 16.3 Property, plant and equipment financing - 2020/21

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2021							
Owned - purchased	675	2,238	43	1,046	2,580	95	**6,677**
Finance leased	-	-	-	-	-	-	**-**
On-SoFP PFI contracts and other service concession arrangements	-	-	-	-	-	-	**-**
Off-SoFP PFI residual interests	-	-	-	-	-	-	**-**
Owned - donated/granted	-	119	-	23	2	3	**147**
NBV total at 31 March 2021	**675**	**2,357**	**43**	**1,069**	**2,582**	**98**	**6,824**

Note 16.4 Property, plant and equipment financing - 2019/20

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020							
Owned - purchased	691	2,308	61	868	2,277	122	**6,327**
Finance leased	-	-	-	-	-	-	**-**
On-SoFP PFI contracts and other service concession arrangements	-	-	-	-	-	-	**-**
Off-SoFP PFI residual interests	-	-	-	-	-	-	**-**
Owned - donated/granted	-	153	-	36	2	7	**198**
NBV total at 31 March 2020	**691**	**2,461**	**61**	**904**	**2,279**	**129**	**6,525**

Note 17 Donations of property, plant and equipment

Lincolnshire Community Health Services NHS Trust received a cash donation for property, plant equipment in 2020/21 of £8k (2019/20: £0)

Note 18 Revaluations of property, plant and equipment

A desktop revaluation exercise of the Trust owned property assets was undertaken during 2020/21 by DVS Property Specialist, an executive arm of the Valuation Office Agency, with an effective date of 31st March 2021.

The valuations have been undertaken in accordance with International Financial Reporting Standards (IFRS) as interpreted and applied by the HM Treasury FReM compliant Department of Health and Social Care Group Accounting Manual (DHSC GAM).

Within the valuation report, the valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards

Note 19.1 Investment Property

Lincolnshire Community Health Services NHS Trust does not hold any properties for the purposes of capital appreciation (investment)

Note 19.2 Investment property income and expenses

Lincolnshire Community Health Services NHS Trust does not hold any properties for the purposes of capital appreciation (investment) and thus incurred no income or expenditure in relation to 2020/21 (2019/20: £0)

Note 20 Investments in associates and joint ventures

Lincolnshire Community Health Services NHS Trust does not hold any Investment in associates and joint ventures and thus incurred no income or expenditure in relation to this (2019/20: £0)

Note 21 Other investments / financial assets (non-current)

Lincolnshire Community Health Services NHS Trust does not hold any Other Investments and thus incurred no income or expenditure in relation to this (2019/20: £0)

Note 21.1 Other investments / financial assets (current)

Lincolnshire Community Health Services NHS Trust does not hold any Other Investments and thus incurred no income or expenditure in relation to this (2019/20: £0)

Note 22 Disclosure of interests in other entities

Lincolnshire Community Health Services NHS Trust holds no interests within other entities in 2020/21 (2019/20: £0)

Note 23 Inventories

Inventories recognised in expenses for the year were £1,526k (2019/20: £0k). Write-down of inventories recognised as expenses for the year were £0k (2019/20: £0k).

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2020/21 the Trust received £1,526k of items purchased by DHSC.

The deemed cost of these inventories was charged directly to expenditure on receipt with the corresponding benefit recognised in income.

Note 24.1 Receivables

	31 March 2021 £000	31 March 2020 £000
Current		
Contract receivables	1,407	5,829
Contract assets	-	-
Capital receivables	-	-
Allowance for impaired contract receivables / assets	(23)	(32)
Allowance for other impaired receivables	-	-
Deposits and advances	-	-
Prepayments (non-PFI)	1,021	742
Interest receivable	-	-
VAT receivable	483	254
Other receivables	153	51
Total current receivables	**3,041**	**6,844**
Non-current		
Contract receivables	-	-
Contract assets	-	-
Capital receivables	-	-
Allowance for impaired contract receivables / assets	-	-
Allowance for other impaired receivables	-	-
VAT receivable	-	-
Other receivables	-	-
Total non-current receivables	**-**	**-**
Of which receivable from NHS and DHSC group bodies:		
Current	1,234	5,187
Non-current	-	-

Note 24.2 Allowances for credit losses

	2020/21		2019/20	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 April - brought forward	**32**	**-**	**34**	**-**
Transfers by absorption	-	-	-	-
New allowances arising	16	-	20	-
Changes in existing allowances	(7)	-	(7)	-
Reversals of allowances	(18)	-	(15)	-
Utilisation of allowances (write offs)	-	-	-	-
Changes arising following modification of contractual cash flows	-	-	-	-
Foreign exchange and other changes	-	-	-	-
Allowances as at 31 Mar 2021	**23**	**-**	**32**	**-**

Note 24.3 Exposure to credit risk

As at the end of 2020/21, the Trust held no liabilities classed in disposal groups (2019/20: £0)

Note 25 Other assets

Lincolnshire Community Health Services NHS Trust does not hold any Other Assets and thus incurred no income or expenditure in relation to this (2019/20: £0)

Note 26.1 Non-current assets held for sale and assets in disposal groups

Lincolnshire Community Health Services NHS Trust does not hold any Non-current assets held for sale and assets in disposal groups and thus incurred no income or expenditure in relation to this (2019/20: £0)

Note 26.2 Liabilities in disposal groups

As at the end of 2020/21, the Trust held no liabilities classed in disposal groups (2019/20: £0)

Note 27.1 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	2020/21	2019/20
	£000	£000
At 1 April	**29,532**	**24,968**
Prior period adjustments		-
At 1 April (restated)	**29,532**	**24,968**
Transfers by absorption	-	-
Net change in year	2,759	4,564
At 31 March	**32,291**	**29,532**
Broken down into:		
Cash at commercial banks and in hand	1	1
Cash with the Government Banking Service	32,290	29,531
Deposits with the National Loan Fund	-	-
Other current investments	-	-
Total cash and cash equivalents as in SoFP	**32,291**	**29,532**
Bank overdrafts (GBS and commercial banks)	-	-
Drawdown in committed facility	-	-
Total cash and cash equivalents as in SoCF	**32,291**	**29,532**

Note 27.2 Third party assets held by the trust

Lincolnshire Community Health Services NHS Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties and in which the trust has no beneficial interest. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March 2021	31 March 2020
	£000	£000
Bank balances	22	-
Monies on deposit	-	-
Total third party assets	**22**	**-**

Note 28.1 Trade and other payables

	31 March 2021 £000	31 March 2020 £000
Current		
Trade payables	4,569	5,716
Capital payables	150	256
Accruals	4,062	4,848
Receipts in advance and payments on account	-	-
PFI lifecycle replacement received in advance	-	-
Social security costs	844	723
VAT payables	-	-
Other taxes payable	604	463
PDC dividend payable	-	-
Other payables	1,018	895
Total current trade and other payables	**11,247**	**12,901**
Non-current		
Trade payables	-	-
Capital payables	-	-
Accruals	-	-
Receipts in advance and payments on account	-	-
PFI lifecycle replacement received in advance	-	-
VAT payables	-	-
Other taxes payable	-	-
Other payables	22	-
Total non-current trade and other payables	**22**	**-**
Of which payables from NHS and DHSC group bodies:		
Current	3,757	6,505
Non-current	-	-

Note 28.2 Early retirements in NHS payables above

The payables note above includes amounts in relation to early retirements as set out below:

	31 March 2021 £000	31 March 2021 Number	31 March 2020 £000	31 March 2020 Number
- to buy out the liability for early retirements over 5 years	-		-	
- number of cases involved		-		-

Note 29 Other liabilities

	31 March 2021 £000	31 March 2020 £000
Current		
Deferred income: contract liabilities	1,091	740
Deferred grants	-	-
Deferred PFI credits / income	-	-
Lease incentives	-	-
Other deferred income	-	-
Total other current liabilities	**1,091**	**740**
Non-current		
Deferred income: contract liabilities	-	-
Deferred grants	-	-
Other deferred income	-	-
Total other non-current liabilities	**-**	**-**

Note 30 Borrowings

Lincolnshire Community Health Services NHS Trust does not have or undertake any borrowing activities (overdrafts or loan arrangements) during 2020/21. (2019/20: £0)

Note 31 Reconciliation of liabilities arising from financing activities - 2020/21

Lincolnshire Community Health Services NHS Trust does not hold any liabilities arising from financing activities and thus no reconciliation table is included within the Trust accounts (2019/20: £0)

Note 32 Finance leases

Lincolnshire Community Health Services NHS Trust does not hold any finance leases and thus incurred no income or expenditure in relation to this (2019/20: £0)

Note 33 Movements in provisions for liabilities and charges - 2020/21

	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Re-structuring	Equal Pay (including Agenda for Change)	Redundancy	Other	Total
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2020	**4**	**-**	**2,572**	**130**	**-**	**-**	**438**	**3,144**
Transfers by absorption	-	-	-	-	-	-	-	**-**
Change in the discount rate	-	-	-	-	-	-	-	**-**
Arising during the year	-	-	200	-	-	-	219	**419**
Utilised during the year	-	-	(30)	-	-	-	-	**(30)**
Reclassified to liabilities held in disposal groups	-	-	-	-	-	-	-	**-**
Reversed unused	-	-	(23)	-	-	-	(11)	**(34)**
Unwinding of discount	-	-	-	-	-	-	-	**-**
At 31 March 2021	**4**	**-**	**2,719**	**130**	**-**	**-**	**646**	**3,499**
Expected timing of cash flows:								
- not later than one year;	-	-	2,719	130	-	-	**386**	**3,235**
- later than one year and not later than five years;	-	-	-	-	-	-	**37**	**37**
- later than five years.	4	-	-	-	-	-	**223**	**227**
Total	**4**	**-**	**2,719**	**130**	**-**	**-**	**646**	**3,499**

Provisions included within the accounts of Lincolnshire Community Health Services NHS Trust as at 31 March 2021:

Pensions: these represent costs associated with departures where pension has been taken early as an alternative to ordinary termination. The Trust provides for the additional cost associated.

Legal: the Trust has provided against ongoing legal cases which may incur settlement costs at a future date. Further information can be found at Note 34.

Restructuring: are estimated costs relating to organisational restructuring and associated potential exit packages required.

Other: provisions categorised here relate to provisions estimated associated with leased buildings and dilapidations clauses within these leases

Note 33.1 Clinical negligence liabilities

At 31 March 2021, £409k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Lincolnshire Community Health Services NHS Trust (31 March 2020: £801k).

Note 34 Contingent assets and liabilities

During 2020/21, Lincolnshire Community Health Services NHS Trust has continued to engage in discussions with HM Revenue and Customs with regards to liabilities due in respect of pay-as-you-earn tax and national insurance. These liabilities relate to individuals engaged by the Trust in the delivery of its services (specifically the GP out-of-hours services), since the Trust's inception in 2011

The arrangements were inherited from the Trust's predecessor organisation (Lincolnshire Primary Care Trust). Discussions with HMRC to date have included explanation of the detail of the arrangement involved and complying with requests for additional information.

Depending on the outcome of this issue, there is a potential for a liability to arise. The Trust has included an estimate within its 2020/21 financial position as a provision (refer to note 33). The Trust continues to discuss with HMRC and legal advisors.

Note 35 Contractual capital commitments

	31 March 2021 £000	31 March 2020 £000
Property, plant and equipment	16	224
Intangible assets	-	-
Total	**16**	**224**

Note 36 Other financial commitments

The trust is committed to making payments under non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangement), analysed by the period during which the payment is made:

	31 March 2021 £000	31 March 2020 £000
not later than 1 year	-	-
after 1 year and not later than 5 years	-	-
paid thereafter	-	-
Total	**-**	**-**

Note 37 On-SoFP PFI, LIFT or other service concession arrangements

Lincolnshire Community Health Services NHS Trust does not hold any On-SoFP PFI, LIFT or other service concessions and thus incurred no income or expenditure in relation to this (2019/20: £0)

Note 38 Off-SoFP PFI, LIFT and other service concession arrangements

Lincolnshire Community Health Services NHS Trust does not hold any On-SoFP PFI, LIFT or other service concessions and thus incurred no income or expenditure in relation to this (2019/20: £0)

Note 39 Financial instruments

Note 39.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Trust has with Clinical Commissioning Groups (CCGs) and the way those CCGs are financed, the NHS Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. Lincolnshire Community Health Services NHS Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. Lincolnshire Community Health Services NHS Trust treasury activity is subject to review by the Trust's internal auditors.

Interest Rate Risk

NHS Trusts are eligible to borrow from government for capital expenditure purposes, subject to affordability assessments as confirmed by NHS Improvement. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Trust therefore has low exposure to interest rate fluctuations. Lincolnshire Community Health Services NHS Trust currently has no borrowings.

The Trust therefore has low exposure to interest rate fluctuations.

Credit Risk

Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2021 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity Risk

The Trust's operating costs are incurred under contracts with Clinical Commissioning Groups (CCGs), Local Authorities or NHS England, which are financed from resources voted annually by Parliament . The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

Note 39.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2021	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Trade and other receivables excluding non financial assets	1,536	-	-	**1,536**
Other investments / financial assets	-	-	-	**-**
Cash and cash equivalents	32,291	-	-	**32,291**
Total at 31 March 2021	**33,827**	**-**	**-**	**33,827**

Carrying values of financial assets as at 31 March 2020	Held at amortised cost	Held at fair value through I&E	Held at fair value through OCI	Total book value
	£000	£000	£000	£000
Trade and other receivables excluding non financial assets	5,763	-	-	**5,763**
Other investments / financial assets	-	-	-	**-**
Cash and cash equivalents	29,532	-	-	**29,532**
Total at 31 March 2020	**35,295**	**-**	**-**	**35,295**

Note 39.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2021	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	-	-	**-**
Obligations under finance leases	-	-	**-**
Obligations under PFI, LIFT and other service concession contracts	-	-	**-**
Other borrowings	-	-	**-**
Trade and other payables excluding non financial liabilities	9,800	-	**9,800**
Other financial liabilities	-	-	**-**
Provisions under contract	3,499	-	**3,499**
Total at 31 March 2021	**13,299**	**-**	**13,299**

Carrying values of financial liabilities as at 31 March 2020	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Loans from the Department of Health and Social Care	-	-	**-**
Obligations under finance leases	-	-	**-**
Obligations under PFI, LIFT and other service concession contracts	-	-	**-**
Other borrowings	-	-	**-**
Trade and other payables excluding non financial liabilities	10,820	-	**10,820**
Other financial liabilities	-	-	**-**
Provisions under contract	-	-	**-**
Total at 31 March 2020	**10,820**	**-**	**10,820**

Note 39.4 Maturity of financial liabilities

	31 March 2021	31 March 2020 restated*
	£000	£000
In one year or less	13,034	10,820
In more than one year but not more than five years	36	-
In more than five years	228	-
Total	**13,298**	**10,820**

* This disclosure has previously been prepared using discounted cash flows. The comparatives have therefore been restated on an undiscounted basis.

Note 39.5 Fair values of financial assets and liabilities

The majority of the Trust's financial assets relate either to cash or money due from other NHS organisations. Other NHS organisations are extremely unlikely to default on payments, and the Trust is only permitted to invest cash deposits within strict guidelines. Lincolnshire Community Health Services NHS Trust does not undertake any transactions involving hedging, foreign currency or other investments prone to market fluctuations. There is therefore, no material exposure to credit, market or liquidity risks.

The Trust's financial liabilities are generally of a short-term and uncomplicated nature which are not particularly influenced by external factors. The Trust updates a long term financial plan each year, which includes a detailed cash flow forecast, and has no reason to assume it will be unable to meet its obligations to suppliers, employees and financing costs. There are therefore not any material liquidity risks.

Note 40 Losses and special payments

	2020/21		2019/20	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Cash losses	4	2	12	1
Fruitless payments and constructive losses	2	1	1	-
Bad debts and claims abandoned	5	5	12	2
Stores losses and damage to property	-	-	-	-
Total losses	**11**	**8**	**25**	**3**
Special payments				
Compensation under court order or legally binding arbitration award	1	7	3	22
Extra-contractual payments	-	-	-	-
Ex-gratia payments	2	2	4	1
Special severance payments	-	-	-	-
Extra-statutory and extra-regulatory payments	-	-	-	-
Total special payments	**3**	**9**	**7**	**23**
Total losses and special payments	**14**	**17**	**32**	**26**
Compensation payments received		-		-

Note 41 Gifts

Lincolnshire Community Health Services NHS Trust did not expend on gifts during 2020/21 (2019/20: £0)

Note 42 Related parties

Details of related party transactions are as follows:	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£	£	£	£
E Baylis, Chair, Lincolnshire Community Health Services NHS Trust				
1. Chair, United Lincolnshire Hospitals NHS Trust	1,912,252	2,395,134	758,870	391,310
E Libiszewski, Non- Executive Director, Lincolnshire Community Health Services NHS Trust				
1. Non Executive Director, United Lincolnshire Hospitals NHS Trust	1,912,252	2,395,134	758,870	391,310
2. Via Relation - St Barnabas Hospice - Registered Charity No: 1053814	-	681	-	-
Dr Y Owen, Medical Director, Lincolnshire Community Health Services NHS Trust				
1. Trustee - Lincolnshire Integrated Voluntary Emergency Service (LIVES)	600	-	-	-
2. East Lindsay Medical Group - GP Partner	16,960	110	-	-
S Wilde, Director of Finance and Business Intelligence, Lincolnshire Community Health Services NHS Trust				
1. Member of the HFMA Costing for Value Institute Council	-	2,400	-	-

The Department of Health is regarded as a related party. During the year 2020/21, the Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. For example :

- Clinical Commissioning Groups (primarily with NHS Lincolnshire CCG)
- NHS England (for the commissioning of specialised health services)
- NHS Foundation Trusts (particularly North Lincolnshire and Goole NHS Foundation Trust and Lincolnshire Partnership NHS Foundation trust)
- NHS Trusts (particularly with United Lincolnshire Hospitals NHS Trusts)
- NHS Resolution (in respect of Clinical Negligence contributions)
- NHS Property Services (in respect of buildings, rentals and service charges)
- NHS Business Services Authority

In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with Lincolnshire County Council in respect of services commissioned by the local authority.

The Trust has also received revenue payments from a number of charitable funds, Lincolnshire Community Health Services is the corporate trustee of the charitable fund.

Note 43 Events after the reporting date

At the time of preparation, the Trust had not been notified or become aware of any significant events which require disclosure.

Note 44 Better Payment Practice code

	2020/21 Number	2020/21 £000	2019/20 Number	2019/20 £000
Non-NHS Payables				
Total non-NHS trade invoices paid in the year	8,983	23,077	8,127	21,036
Total non-NHS trade invoices paid within target	6,932	19,502	6,227	17,590
Percentage of non-NHS trade invoices paid within target	77.2%	84.5%	76.6%	83.6%
NHS Payables				
Total NHS trade invoices paid in the year	1,140	17,860	1,061	15,905
Total NHS trade invoices paid within target	759	14,629	715	12,938
Percentage of NHS trade invoices paid within target	66.6%	81.9%	67.4%	81.3%

The Better Payment Practice code requires the NHS body to aim to pay all valid invoices by the due date or within 30 days of receipt of valid invoice, whichever is later.

Note 45 External financing limit

The trust is given an external financing limit against which it is permitted to underspend

	2020/21 £000	2019/20 £000
Cash flow financing	(2,506)	(5,021)
Finance leases taken out in year		
Other capital receipts		
External financing requirement	**(2,506)**	**(5,021)**
External financing limit (EFL)	3,076	949
Under / (over) spend against EFL	**5,582**	**5,970**

Note 46 Capital Resource Limit

	2020/21 £000	2019/20 £000
Gross capital expenditure	2,037	1,918
Less: Disposals	(32)	(2)
Less: Donated and granted capital additions	(8)	-
Plus: Loss on disposal from capital grants in kind	-	-
Charge against Capital Resource Limit	**1,997**	**1,916**
Capital Resource Limit	2,078	2,074
Under / (over) spend against CRL	**81**	**158**

Note 47 Breakeven duty financial performance

	2020/21 £000
Adjusted financial performance surplus / (deficit) (control total basis)	9
Remove impairments scoring to Departmental Expenditure Limit	-
Add back non-cash element of On-SoFP pension scheme charges	-
IFRIC 12 breakeven adjustment	-
Breakeven duty financial performance surplus / (deficit)	**9**

Note 48 Breakeven duty rolling assessment

	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Breakeven duty in-year financial performance	1,825	1,274	569	3,940	4,903	4,607	3,410	9
Breakeven duty cumulative position	4,379	5,653	6,222	10,162	15,065	19,672	23,082	23,091
Operating income	109,612	110,487	105,943	109,336	104,457	102,217	108,347	110,695
Cumulative breakeven position as a percentage of operating income	4.0%	5.1%	5.9%	9.3%	14.4%	19.2%	21.3%	20.9%